

TELFORD & WREKIN COUNCIL

**CABINET – 20 FEBRUARY 2020
COUNCIL – 5 MARCH 2020**

**SERVICE & FINANCIAL PLANNING 2020/21 – 2023/24:
CAPITAL PROGRAMME**

**REPORT OF THE CHIEF EXECUTIVE, THE CHIEF FINANCE OFFICER (THE
DIRECTOR: FINANCE & HUMAN RESOURCES), THE EXECUTIVE DIRECTOR
HOUSING, COMMUNITIES & CUSTOMER SERVICES AND THE DIRECTOR POLICY,
CUSTOMER & COMMERCIAL SERVICES**

LEAD CABINET MEMBER: CLLR L. CARTER

PART A – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

1.1 The report details the revised capital programme for 2019/20 and the proposed capital programme for 2020/21 to 2023/24, together with the Planned Building Investment Programme and the Highways and Transport Capital Investment Programme.

2. RECOMMENDATIONS

Members are asked to approve:

2.1 the report and associated capital estimates for 2019/20 and 2020/21 – 2023/24, which incorporates the Capital Programme (Annex I), the Planned Building Maintenance Programme (Annex II) and the two year Highways and Transport capital investment programme (Annex III).

2.2 the following delegations, in line with the approved budgets and any variations or changes to schemes in these programmes which must remain within overall approved budgets, after consultation with the appropriate Cabinet Members:

- (i) Delegation to the Director: Prosperity & Investment to deliver the planned programme of works within the 'Asset Management Plan' and Planned Building Maintenance Programme (Annex II)
- (ii) Delegation to the Executive Director: Housing, Communities & Customer Service to deliver the Highways and Transport Capital Investment Programme
- (iii) in relation to the new capital allocations:

New Capital Allocation	£m	Delegated (after consultation with the appropriate Cabinet Member) to
Regeneration - Borough Towns / High Streets	5.0	Chief Executive
Roads, Footpaths, Cycle-paths, Car Parking	12.0	Executive Director: Housing, Communities & Customer Service

Structures - Bridges, retaining walls, bus shelters etc	4.0	Executive Director: Housing, Communities & Customer Service
Other environmental improvements	5.0	Executive Director: Housing, Communities & Customer Service

- 2.3 With regards the 'Regeneration and Investment Fund' and the Capital 'Contingency' further reports will be brought to Cabinet to seek approval to allocate funding to specific schemes.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	<i>Do these proposals contribute to specific priority plan objectives?</i>	
	<i>Yes/No</i>	<i>All priorities are covered by the report. The overall budget framework contains funding to support the Council's work to promote Equalities & Diversity across the Borough and accessibility requirements will be addressed in the Planned Maintenance programme of works.</i>
	<i>Will the proposals impact on specific groups of people?</i>	
	<i>Yes/No</i>	<i>Accessibility requirements will be addressed in the Planned Maintenance programme of works.</i>
TARGET COMPLETION / DELIVERY DATE	<i>There are many different capital projects and each one has a different target completion date. Some of the programmes are ongoing, others will complete during the period of the programme as shown in Annex I.</i>	
FINANCIAL/VALUE FOR MONEY IMPACT	<i>Yes/No</i>	<i>Where appropriate these are detailed in the body of the report.</i>
LEGAL ISSUES	<i>Yes/No</i>	<i>All proposals are covered by the legislative framework within which the council operates</i>
OTHER IMPACTS, RISKS AND OPPORTUNITIES	<i>Yes/No</i>	<i>The Council's current strategic risks has been considered as part of allocating resources in the overall programme</i>
IMPACT ON SPECIFIC WARDS	<i>Yes/No</i>	<i>Proposals affect all wards in the Borough</i>

PART B – ADDITIONAL INFORMATION

4. SUMMARY

- 4.1 This report presents the Council's Capital Programme for 2019/20 – 2023/24 at a value of £234.4m that includes the proposed investments included in the overall budget strategy. The report also sets out the Council's proposed planned Building Maintenance programme, particularly focusing on 2020/21 and the two year Highways & Transport capital investment programme.
- 4.2 The programmes address our corporate priorities in conjunction with the service and financial planning strategy.

- 4.3 The full revenue cost of the use of the Council's own resources and unsupported borrowing are built into the proposed 2020/21 budget and future projections.
- 4.4 The Asset Management Plan 2019 – 2023, approved at Council 28 February 2019, sets out the framework for assessing and prioritising property related issues. The approved framework has been adhered to in prioritising the planned building maintenance programme for 2020/21. The Building Investment Programme and Highways & Transport Investment Programme have been set in accordance with the proposed budget for 2020/21 – 2021/22.

5. STRATEGIC OVERVIEW

In the short to medium term, Telford & Wrekin Council is in a period of significant transformation and change. The drivers of this are:

- The retrenchment of public spending by the Government - the Council has faced the challenge of making significant savings, totalling £123m by the end of 2019/20, whilst trying to protect front-line services as far as possible. Our Service and Financial Planning Strategy sets out our response to this challenge and how these savings are being identified and delivered, and
- Being a Cooperative Council and reshaping the relationship between the Council, its employees, the community and partners to:
 - **Improve and bring public services together,**
 - **Involve local people and our employees more in planning and running our services, and**
 - **Strengthen and develop our communities and encourage people to do more to help their own communities.**

Both of these drivers have required the Council to review its 'priorities' which have been adopted as:

As a Cooperative Council, we will work with our communities to adopt:

'Our Programme to Protect, Care and Invest to Create a Better Borough'

We will:

- | |
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| <ul style="list-style-type: none">• Protect and support our most vulnerable children and adults• Securing the best start in life for children and young people• protect and create jobs as a 'Business Supporting, Business Winning Council'• Improve local people's prospects through education, skills and training• Keep neighbourhoods safe, clean and well connected• Support communities and those most in need to work and give residents access to suitable housing• Improving health and wellbeing across Telford & Wrekin• Protect and champion our environment, culture and heritage |
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Capital investment clearly plays a key role in the achievement of our local priorities. Through our Capital Strategy and Asset Management Plan we seek to maximise the value and opportunities of our assets to take forward the delivery of emerging strategic priorities.

Our Capital Strategy and Asset Management Programme are not, however, just about 'concrete, tarmac, buildings etc.', they are about making a positive difference to the quality of local people's lives through specific projects, services, technology and facilities. In recent years, key initiatives have been progressed / delivered through targeted capital investment. Further information can be found in the Council Plan.

6. CAPITAL PROGRAMME: 2019/20 – 2023/24

6.1 During 2020/21, we are planning to invest **£83.854m** as part of a **£234.422m** medium-term capital programme, to build and improve the facilities, assets and infrastructure to support the delivery of these objectives. This investment has been secured primarily through a combination of Government grants and supported borrowing allocations, use of the Council's own resources (capital receipts), and Prudential Borrowing by the Council. Over the planning period, our capital programme is as follows:

Priority Area	Total £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Adult Social Care	0.345	0.345	0.000	0.000	0.000	0.000
Business, Development & Employment	115.310	15.707	32.414	29.239	20.450	17.500
Commercial Services	17.515	7.234	4.481	2.900	2.900	0.000
Co-Operative Council	0.898	0.898	0.000	0.000	0.000	0.000
Corporate Items	8.171	2.171	2.000	2.000	2.000	0.000
Customer & Neighbourhood Services	61.833	19.236	22.497	5.800	7.300	7.000
Education & Corporate Parenting	29.647	7.342	22.305	0.000	0.000	0.000
Finance & Human Resources	0.380	0.095	0.095	0.095	0.095	0.000
Governance, Procurement & Commissioning	0.323	0.137	0.062	0.062	0.062	0.000
Health & Well-Being	0.000	0.000	0.000	0.000	0.000	0.000
	234.422	53.165	83.854	40.096	32.807	24.5

6.2 Supporting Telford & Wrekin's role as a focus for continued growth and development underpins all our priorities. This is very much a 'capital' agenda – though it must be supported by the day-to-day delivery of high quality and efficient service for the community whilst also improving services - and we will look creatively to utilise local resources such as the Council's land assets and land owned by other partners, and external funding and investment to turn vision into reality.

7. CAPITAL PLANNING FRAMEWORK

7.1 The Council's Capital Strategy is driven by our shared Vision for the Borough and our Priorities. All our plans and spending proposals (both capital and revenue) are developed within a partnership framework. The Capital Strategy is seen as a key opportunity to:

- drive forward the Vision and Priorities for the Borough,
- influence the development of the Borough and the actions of other agencies,
- work in partnership with other bodies to pursue national and regional objectives,

- ensure that funding mechanisms are used effectively and external funding maximised, and
- maintain and improve the condition and suitability of our assets.

7.2 A key feature of our approach is that capital and revenue expenditure are considered together through one integrated service and financial planning framework and process. The Capital Programme process brings together all aspects of capital planning and management. It guides and acts as the focus for all work on capital issues. The capital programme process is given firm leadership at:

- officer level by the Senior Management Team, and
- member level by the Cabinet.

Progress and the outcomes of capital expenditure are also considered by the Council's scrutiny committees as part of their service and financial performance monitoring role. They also input specifically to the strategy development process through scrutiny of the Draft Budget Strategy.

(i) Approach

7.3 Our approach to the Capital Programme Process is described below. This process is continually evolving and has been developed to enable the Council to respond effectively to the developments in Capital and Asset Management Planning.

7.4 The Prudential Code of Borrowing requires us to look at capital and revenue spend in an integrated way. Under this regime, the Council has much more freedom to invest in capital projects as long as the borrowing is determined to be affordable, prudent, sustainable and represents value-for-money. The prudential system of capital finance makes the capital strategy a much more integral and essential part of the annual budget setting process and medium term financial strategy; developed through an emerging 3-year forward planning framework which brings together service and financial planning priorities and proposed developments to support delivery of our priorities.

(ii) Capital Programme Process

a) Strategic Review of Needs

7.5 We annually review plans and priorities for capital spending. This is done as part of the annual corporate planning process and the outcome of major policy and/or service reviews. In seeking to determine priorities for investment and action, it is important to understand the key issues, needs and opportunities that need to be addressed. The following documents in particular map these out in detail, these are:

- The Council Plan "Our Programme to Protect, Care and Invest to create a better borough 2019-2023"
- 'Shaping Our Future: Our Journey to 2020' – what the Council and its partners will focus on

7.6 The result is a clear strategic view of priorities which identifies both **pressures and developments** in terms of:

- Projects required to progress the Vision for the Borough – whether partner, Council or joint (developments);
- Projects required to meet service priorities (pressures and developments);
- Maintenance spending required on assets (pressures).

This process is done collaboratively through dialogue with partners and is also informed by the Council's consultation strategy. This framework encourages a joined-up focus on outcomes, on major strategic initiatives and partnership working. The outcome is a broadly-based overview of capital spending priorities, business needs and opportunities, and outcomes to be realised.

b) Strategic Consideration of Priorities, Resources and Resource Implications

7.7 The financial implications of new capital spending requirements are carefully assessed within service and financial planning in terms of:

- Overall resource availability including the anticipated results of asset disposals;
- Identification and consideration of whole life costings;
- Identification of significant revenue implications for capital proposals, with overall decisions on capital programme being made (and consulted on) as part of the overall service and financial planning process;
- Consideration of appropriate procurement strategies and potential funding regimes.
- 'Pay back'/'Invest to Save' potential.

7.8 The Prudential Code of Borrowing highlights the need, in making decisions on capital investment, to have regard to a number of core factors. As such, the Capital Strategy and Programme for 2020/21 has been developed around the following principles and processes:

- Corporate Strategic Planning Assessment:

7.9 Revenue and capital budgets are planned together as far as practicable each year. Desired spending has been prioritised and narrowed down into an overall capital strategy taking account of local, national and regional priorities.

- Options Appraisal to Secure Value for Money:

7.10 In developing the capital programme, the Council has sought to identify which of a number of alternative ways is the best way to fund and deliver a capital project to meet its objectives. Also, to ensure that the Council's approach to prudential borrowing is affordable, prudent and sustainable, a set of prudential indicators have been developed to monitor performance. The case for capital investment requires consideration/identification of how such spend represents or will improve value-for-money to the community.

c) Detailed Capital Programme

7.11 The Strategic Assessment of capital spending priorities is then subjected to further internal and external consultation and translated into an achievable phased programme across the whole Council with clearly agreed and identified:

- Revenue implications.
- Procurement Arrangements;
- Timescales, project management arrangements and accountabilities;

Annex I sets out details of our committed Capital Programme 2019/20 – 2023/24 and Detailed Analysis of Capital Grants.

d) Control, Monitoring, Performance Management & Review

7.12 A corporate framework for project management exists for capital schemes. Regular monitoring of progress and spend takes place both at service level and corporately. The Asset Management Plan ensures that relevant property PIs have been incorporated into corporate performance monitoring arrangements and into the monitoring of the management of the capital programme. In-year progress is highlighted as part of the reporting arrangements of the Service & Financial Performance Management Framework of regular reports to the Senior Management Team, Cabinet and full Council where amendments to the approved policy and budget framework are required .

8. ASSET MANAGEMENT PLANNING & PROGRAMME

Our Strategic Approach

8.1 The Asset Management Plan and associated data on Property (i.e. condition, suitability, sufficiency, access, asbestos surveys) informs the Council's Building Investment Programme. The Council has completed all surveys for Operational Properties used for the delivery of its services and these are updated on a rolling programme each year. The Council's Asset Management Plan 2019 - 2023 has identified a condition backlog of £5.68m for Operational Properties (excluding schools) and £18.18m for Schools / education properties.

8.2 The Building Investment Programme as identified in Annex II, is set in accordance with the approved framework for prioritising condition backlog as included in the Asset Management Plan. The proposed level of investment included in the Capital Programme 2020/21 is £0.7m for Educational Assets and £1.133m for all other Operational Assets (inc. miscellaneous assets). The budget allocations do not take into account the capital investment relating to expansion of schools. In addition to the above capital allocations, schools are also in receipt of Devolved Formula Capital (DFC) which is used fundamentally for maintaining and investing in the school building stock on a day to day basis.

Condition backlog as detailed in the Asset Management Plan 2019 – 2023 and updated for 2019

Priority 1

Urgent works that will prevent closure of premises and/or address a high risk to the health and safety of occupants and/or remedy a serious breach of legislation.

Priority 2

Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address medium risk to the health and safety of the occupants and/or remedy a minor breach of legislation.

Priority 3

Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of the occupants and/or a minor breach of legislation.

8.3 Previous year condition comparisons

		2014	2015	2016	2017	2018	2019
Schools	P1-P3	£21,529,991	£18,939,529	£17,144,675	£18,719,548	£18,434,265	£18,182,752
Operational	P1-P3	£7,480,279	£6,806,221	£5,852,620	£5,700,431	£5,417,208	£5,680,437

8.4 The Asset Management Database is analysed on a yearly basis as the priorities may change due to new findings as part of continuing re-surveys of property. Emergencies that occur within the financial year may also lead to reprioritisation of the allocated budgets and a change to the programme identified.

8.5 In accordance with prioritisation as set out in the Asset Management Plan we have identified the building maintenance programme for 2020/21 as identified in Annex II; all schemes listed are deemed necessary in order to maintain service delivery.

9. PARTNERSHIP AND CROSS CUTTING ACTIVITY

9.1 The Council actively works with partners to maximise assets for example through various co-locations of services which is a key feature in particular of the Learning Communities that are being developed. Amalgamation and co-location of services and community facilities is a key aim that drives our asset management and service planning.

10. CONSULTATION

10.1 The Council has been engaging with the local community around service and financial planning. Further details are set out in the over-arching Service and Financial Planning report considered by Cabinet on 2 January 2020. As capital programmes are being rolled out there will be a need to consider where further consultation with the public is required/appropriate.

11. RESOURCES

11.1 Revenue/External

The main revenue / external allocations still to be used are set out below:

	Total £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Total	18.846	5.144	12.963	0.689	0.050	0.000

11.2 Supplementary Grants

While information is still awaited on some allocations, the following allocations have been built into the overall resources position:

Priority Area	Total £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Adult Social Care	0.034	0.034	0.000	0.000	0.000	0.000
Business, Development & Employment	0.000	0.000	0.000	0.000	0.000	0.000
Commercial Services	3.038	2.942	0.096	0.000	0.000	0.000
Co-Operative Council	0.000	0.000	0.000	0.000	0.000	0.000
Corporate Items	0.000	0.000	0.000	0.000	0.000	0.000
Customer & Neighbourhood Services	14.630	8.207	6.423	0.000	0.000	0.000
Education & Corporate Parenting	28.319	6.037	22.282	0.000	0.000	0.000
Finance & Human Resources	0.000	0.000	0.000	0.000	0.000	0.000
Governance, Procurement & Commissioning	0.075	0.075	0.000	0.000	0.000	0.000
Health & Well-Being	0.000	0.000	0.000	0.000	0.000	0.000
	46.096	17.295	28.801	0.000	0.000	0.000

11.3 Capital Receipts

The capital programme places a significant reliance on future capital receipts, totalling £24.364m shown in the table below. Any shortfall in the amounts received or re-phasing of schemes would have a revenue impact which is not built into the budget strategy. This would have to be mitigated through re-phasing of spend, re-prioritising schemes or incurring additional borrowing which would have a revenue impact which would have to be taken into account in future in the Medium Term Service & Financial Planning Strategy. The Government have offered some flexibility in the use of capital receipts generated during the 3 years starting April 2016. This period has subsequently been extended for a further 3 years. New capital receipts may be used to fund revenue costs associated with reform projects that generate ongoing revenue savings provided that full Council approves an "Efficiency Plan". Telford & Wrekin Council has taken advantage of this flexibility offered by the Government and the Service and Financial Planning Strategy has been prepared to allow the flexibility to do so with the anticipated Capital Receipts in 2019/20 of £2.2m being allocated to fund capitalisation of revenue spending in relation to efficiency expenditure. Prudential borrowing has increased as a consequence. It is anticipated that we will repeat this in 2020/21 by £2.0m.

	Total £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Total	24.364	3.342	12.492	1.980	6.550	0.000

11.4 Prudential Borrowing Regime

Within the budget strategy for 2019/20 to 2023/24 the level of Prudential Borrowing assumed is as follows:

	Total £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Total	145.116	27.384	29.598	37.427	26.207	24.500

11.5 Overall Resources Position

For planning purposes, some forward allocation indications have been included below. In these cases no firm scheme proposals will be put forward for approval until actual allocations are known.

	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Resources available	£m	£m	£m	£m	£m	£m
Grant Allocations						
Adult Social Care	0.034	0.000	0.000	0.000	0.000	0.034
Business, Development & Enterprise	0.000	0.000	0.000	0.000	0.000	0.000
Commercial Services	2.942	0.096	0.000	0.000	0.000	3.038
Co-Operative Council	0.000	0.000	0.000	0.000	0.000	0.000
Customer & Neighbourhood Services	8.207	6.423	0.000	0.000	0.000	14.630
Education & Corporate Parenting	6.037	22.282	0.000	0.000	0.000	28.319
Governance, Procurement and Commissioning	0.000	0.000	0.000	0.000	0.000	0.000
Finance & Human Resources	0.075	0.000	0.000	0.000	0.000	0.075
Health & Well-Being	0.000	0.000	0.000	0.000	0.000	0.000
Safeguarding and Early Help Services	0.000	0.000	0.000	0.000	0.000	0.000
	17.295	28.801	0.000	0.000	0.000	46.096
Other Resources						
Capital Receipts	3.342	12.492	1.980	6.550	0.000	24.364
Revenue / External	5.144	12.963	0.689	0.050	0.000	18.846
Prudential Borrowing	27.384	29.598	37.427	26.207	24.500	145.116
	35.870	55.053	40.096	32.807	24.500	188.326
Total	53.165	83.854	40.096	32.807	24.5	234.422

The revenue impact of the use of Council resources, government allocations and prudential borrowing in the proposed programme are built in to the budget summary.

12. CONCLUSION

12.1 Because Telford & Wrekin is a growing and changing area it has substantial capital spending needs:

- to support and meet the growing needs of the Borough and our aspirations to transform Telford & Wrekin,
- to maintain and develop the Council's own stock of capital assets,
- to address the 'New Town effect' of a commonly-ageing infrastructure, and
- to invest in schemes such as NuPlace and the Telford Growth Fund that will further increase the choice of homes available for people looking to rent from a high quality, responsive landlord with a commitment to providing secure long-term homes and will also regenerate brown-field sites, attract new jobs, and retain companies that may otherwise leave the Borough if suitable premises are not available. Profits from these investments will be used to help fund key front line services including Adult Social Care and Children's Safeguarding. Additional council tax, new homes bonus and business rates will also be generated by these investments which will also help to support essential front line services.

- 12.2 As a former new town area, with the Council having limited land and asset holdings, we have a more limited capacity to generate capital receipts through disposals than some other authorities. We, therefore, take the capital strategy and its asset management planning very seriously. We look on capital spending as an integral element of our overall approach to Community Planning, partnership working and community engagement.
- 12.3 We are committed to maximising the effectiveness of our assets and capital spending and to identifying or creating opportunities to attract external funding resources. Our focus is on delivering our priorities and policy objectives and on ensuring that our vision for the community can, each year, become more of a reality for local people.

13. PREVIOUS MINUTES

- 13.1 Cabinet 2 January 2020 – Service & Financial Planning 2020/21 – 2022/23

14. BACKGROUND PAPERS

Funding notifications, investment proposals, cabinet reports on various schemes, previous Capital Strategy documents and capital programmes.

The Council Plan

Driving Delivery of the Council's Priorities.

Service & Financial Planning 2019/20 – 2021/22: Capital Programme Annex III
Corporate Asset Management Plan 2019 - 2023.

Report prepared by

Ed Rushton, Group Accountant: Corporate Finance (01952 383750)

Ken Clarke, Director: Finance & Human Resources (01952 383100)

Angie Astley, Executive Director: Housing, Communities & Customer Services (01952 382400)

Fliss Mercer, Director: Policy, Customer & Commercial Services (01952 384300)