

Capital Programme: financial year 2018/19

Date 14 December 2018

Meeting Full Council

Part Part 1

Authors Russell Ashman, S151 Officer

Recommendations

1. That Members approve the Capital Programme of £3,916,469 as set out in Appendix A along with the associated prudential borrowing of £555,750.
-

1. As reported in the 1st Quarter Financial Report the Council initially approved a Capital Programme in early 2016 which set out the Council's Capital aspirations for the next 4 years. This has since become out of date and is not an accurate reflection of either the Council's current investment activity or its aspirational investment required to deliver the members' priorities and Council Plan. In addition due to the financial issues the Council has been tackling over the last couple of years the affordability of the original aspirations is also questionable.
2. Therefore a new capital programme is required that aligns with the Council's priorities and activities as well as being affordable. As the Capital Programme will have revenue budget implications either through direct revenue funding, the use of reserves or prudential borrowing it is best practice to include the setting of a Capital programme with the Revenue Budget and Medium Term Financial Plan setting process. As the process for setting the 2019-20 budget and 2019-2022 Medium Term Financial Plan will not come to Full Council until February 2019 it is not appropriate to approve a full Capital Programme for the period 2018-2022 now. Hence it is proposed to approve a one year Capital Programme that covers the existing financial year, 2018-19, now and a full programme covering the period up to 2022 will form part of the budget setting process in February.
3. This report covers the one year programme for schemes that are either in progress or start in 2018-19. The detailed programme is attached in Appendix A and covers many schemes that members should be able to recognise either from the original 2016 programme or individual approvals since. To ensure a good base going forward and to make sure there is a full and proper approval this report will be requesting that Members approve all the schemes and costs included in the detailed programme in Appendix A. A summary list of the schemes is:

4.

Scheme	Description	£
Garrison Play Park	Proposed scheme to replace equipment – scheme will only commence if external funding is secured	20,000
IFCA Replacement Vessel	New Rib vessel to replace existing vessel	106,723
Waste Management Vehicles	Replacement of old Vehicles	50,000
Bryher Water Operations Utility Vehicle	Replacement of old Vehicles	15,000
Hot Fire Behavioural Unit	Breathing Apparatus training facility	10,000

	– invest to save as currently only facility on mainland at Portreath hence requiring staff to travel for training	
Airport Asset Replacement Plan	The Airport has an asset replacement plan to ensure vehicles and equipment are replaced at the appropriate time – the replacement of the Fire Engine (£254k) is the majority of this spend with a number of other small items i.e. UHF/VHF transceivers, togs and fire service equipment.	288,000
Refurbishment of Old Town Bio-Bubble	Urgent Refurbishment of current sewage treatment site required to ensure continuity of service	120,000
Flood & Coastal Erosion Risk Management	Various sites around the Island – Grant funded programme of works	200,000
Waste Transfer Station	Residual costs relating to the works on the Waste Transfer Station carried out last year	140,000
Porthcressa Flats	Residual costs on a refurbishment of a flat carried out last year	20,000
Housing Improvements/Energy Efficiency	The Smart Islands Contribution to the Renewable Energy Equipment in Council Houses	195,000
Early Years Provision at Carn Gwaval inc. Craftikids Nursery	Provision of Early Years facilities at the Carn Gwaval site	470,197
Education Basic Needs	Government grant to fund capital requirements relating to Education (in the main the School)	44,661
School Condition Grant	Government Grant to fund improvements and major maintenance on the School	424,235

Some of the costs of the scheme in the detailed programme in Appendix A are the residual costs of schemes where some costs have been incurred in previous years including the Early Years Provision at Carn Gwaval where £72,803 was spent last financial year.

5. In addition there are two schemes that relate to the Smart Islands project that will be the subject of a report elsewhere on this agenda and will need to be added to the Capital Programme if the Smart Islands recommendations are approved. These are:

	£
GOEV Electric Vehicle Car Share Project	1,422,058
Business Energy Efficiency Scheme	390,595

6. This gives a total programme of £3,916,469 with £2,217,559 of expenditure forecast in 2018/19. The programme will be funded as follows:

	£
Grant/ External Contributions	3,120,996
Capital Receipts	18,000
Revenue	13,000
Reserves	208,723
Borrowing	555,750
Total Funding	3,916,469

7. The full year revenue implications of the schemes requiring prudential borrowing are estimated as follows:

	£
Minimum Revenue Provision (Based on average asset life of 25 years)	22,230
Interest	15,561
Total	37,791

The impact on the 2018-19 financial year will only be part year and is likely to be relatively minor and accommodated within the existing budget. The full year impact of £37,791 and although there is the opportunity for increased rent on the Early Years scheme there will be a budget pressure on the 2019-20 budget which will need to be addressed in the budget setting process.

Financial implications

8. The financial implications are set out in the body of the report above. In summary this report is looking to approve a capital programme for 2018-19 which includes £3,916,469 of expenditure with a prudential borrowing requirement of £555,750 that will have a revenue implication of £37,791 per annum which will need to be treated as a budget pressure for 2019-20.

Legal implications

9. None relating to this report although the individual schemes may have which will need to be addressed as part of the scheme delivery.

Other implications

10. None relating to this report although the individual schemes may have Environmental, Equality and Diversity, Crime & Disorder Reduction, Health and Wellbeing impacts which will need to be addressed as part of the scheme delivery.

Appendices

Appendix A: 2018/19 Capital Programme

Approval

Senior Manager	Theo Leijser, Chief Executive	6 December 2018
Financial	Russell Ashman, Section 151 Officer	6 December 2018
Legal	Matt Stokes, Monitoring Officer	6 December 2018

Council of Isles of Scilly
2018/19 Capital Programme

Scheme	Expenditure					Total Funding					
	2018/19	2019/20	2020/21	2021/22	Total	Grant/ External Contrib £	Capital Receipts £	Revenue £	Reserves £	Borrowing £	Total £
	£	£	£	£	£						
Garrison Play Park	20,000				20,000	17,000	0	3,000	0	0	20,000
IFCA Replacement Vessel	106,723				106,723	68,000	18,000	0	20,723	0	106,723
Waste Management Vehicles	50,000				50,000	0	0	0	0	50,000	50,000
Bryher Water Operations Utility Vehicle	15,000				15,000	0	0	0	15,000	0	15,000
Hot Fire Behavioural Unit	10,000				10,000	0	0	10,000	0	0	10,000
Airport Asset Replacement Plan	288,000				288,000	0	0	0	38,000	250,000	288,000
Refurbishment of Old Town Bio-Bubble	120,000				120,000	120,000	0	0	0	0	120,000
Flood & Coastal Erosion Risk Management	200,000				200,000	200,000	0	0	0	0	200,000
Waste Transfer Station	140,000				140,000	0	0	0	0	140,000	140,000
Porthcressa Flats	20,000				20,000	0	0	0	20,000	0	20,000
Housing Improvements/Energy Efficiency	195,000				195,000	80,000	0	0	115,000	0	195,000
Early Years Provision at Carn Gwaval Incl Craftkids Nursery	470,197				470,197	354,447	0	0	0	115,750	470,197
Education Basic Needs	44,661				44,661	44,661	0	0	0	0	44,661
School Condition Grant	424,235				424,235	424,235	0	0	0	0	424,235
GOEV Electric Vehicle Car Share Project	20,000	215,808	1,186,250		1,422,058	1,422,058	0	0	0	0	1,422,058
Business Energy Efficiency Scheme	93,743	234,357	62,495		390,595	390,595	0	0	0	0	390,595
Total	2,217,559	450,165	1,248,745	0	3,916,469	3,120,996	18,000	13,000	208,723	555,750	3,916,469