

## **CORPORATE OVERVIEW SCRUTINY PANEL – 16 DECEMBER 2016**

### **ASSET MAINTENANCE & REPLACEMENT PROGRAMME AND CAPITAL PROGRAMME 2017/18**

#### **1. PURPOSE OF THE REPORT**

- 1.1 This report provides the panel with the proposed revenue and reserve funded Asset Maintenance & Replacement programme (AMR) and Capital programme for 2017/18 and outline budgets to 2019/20.

#### **2. BACKGROUND**

- 2.1 The Council's General Fund revenue budget includes a large budgeted sum for the maintenance and cyclical replacement of Council owned assets. The AMR revenue budget for 2016/17 totalled £2.5m, with a further £405k of projects funded by reserves.
- 2.2 The October 2016 Medium Term Financial Plan included a revenue budget allowance of £2.8m for 2017/18, reducing to £2.3m for 2018/19. Due to further cost pressures that have come to light since October, the sum available for 2017/18 has now been reduced to £2.7m.
- 2.3 The Service Managers were initially asked to come up with their proposed projects for 2017/18 with a strong brief that the programme had to be realistic in terms of timeframes and deliverability. EMT reviewed the programme and Service Managers were then asked to reduce their requirements in order to fit in with the £2.7m available budget. The programme being proposed now fits in with the resources available.
- 2.4 Financial Monitoring Reports during the year have included net savings forecast for 2016/17 totalling £1.4m. These savings will be added to the Council's usable reserves. It has been made very clear that the Council needs a significant level of ICT investment in order to bring both hardware and software up to modern standards and requirements. It is envisaged therefore that a £1.5m 'ICT Protect and Maintain Front Line Services' programme over the 3 years covering 2017/18 – 2019/20 will utilise these savings.

#### **3. PROPOSED ASSET MAINTENANCE AND REPLACEMENT PROGRAMME 2017/18**

- 3.1 The bid categories for the submitted programme for 2017/18 were;
- 1 – Protect & Maintain Front Line Service Delivery
  - 2 – Efficiency / Savings / Income Generation
  - 3 – Improve / Enhance Value of Asset
- 3.2 The summary programme covering 2016-17 – 2019/20 is included as Appendix 1.
- 3.3 The car park maintenance projects from 2017/18 onwards will be funded via parking and enforcement income generation rather than being included as part of this programme.

- 3.4 The 2017/18 proposed programme in order of bid category is included as Appendix 2. Category 1 bids have been sub-totalled to ensure the level of detail being reviewed by the panel is suitable.
- 3.5 The £500k 'non-core project fund' for 18/19 and 19/20 will be available for Service Managers to bid into, if their requirements outweigh the amounts as specified in their own service areas.
- 3.6 A task & finish group will meet to determine which Public Convenience is deemed as suitable for renovation in 2017/18. At that time, the project cost will be estimated and the budget included within the reserves funded programme, in line with the policy from previous years.

#### **4. CAPITAL PROGRAMME 2017/18**

- 4.1 The capital programme consists of projects funded by NFDC resources (capital reserve and receipts received), various grants / funds and Developer Contributions / CIL.
- 4.2 The proposed programme for 2017/18 totalling £5.976m for the General fund including the outline financing is included as Appendix 3. The project proposals for a 3 year period have been included for overall context, although only the projects in 2017/18 are gaining approval to proceed at this stage.
- 4.3 Members will note that the replacement of Vehicles & Plant (V&P) occurs on both the revenue AMR programme and the Capital Programme. The Council's policy is to capitalise individual items with a value greater than £10k and then depreciate these over their estimated useful life. The capital programme therefore includes the cash amount required to purchase the V&P, and the revenue programme includes the depreciation charge. The depreciation charge to revenue then makes a direct contribution towards the capital cost through a charge known as the Minimum Revenue Provision (MRP).

#### **5. CRIME & DISORDER / EQUALITY & DIVERSITY / ENVIRONMENTAL IMPLICATIONS**

- 5.1 There are no implications as a direct result of this report.

#### **6. CONCLUSION**

- 6.1 The AMR programme represents a significant element of the Councils annual net expenditure. The programme for 2017/18 totals £2.698m, in line with the sum as allowed for in the latest Medium Term Financial Plan.
- 6.2 The Council needs to invest in ICT and the savings as currently forecast in 2016/17 cover the vast majority of this essential requirement over the period 2017/18 – 2019/20.
- 6.3 The General fund Capital programme is funded in several ways, and the net NFDC funding requirement for 2017/18 after V&P MRP is £976k.

## **7. RECOMMENDATION**

- 7.1 That it be a recommendation to the Cabinet that the contents of this report be noted and that the schedule of projects as included at Appendix 2 and 3 of the report be agreed by the Cabinet for inclusion in the 2017/18 budget.

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**Background Papers**