



REPORT of INTERIM SECTION 151 OFFICER

**to
STRATEGY AND RESOURCES COMMITTEE
29 JANUARY 2020**

CAPITAL PROJECT BIDS 2020 / 21

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to consider the Capital projects that have been put forward by officers prior to the approval of the 2020 / 21 budget and updated Medium Term Financial Strategy. The projects were originally taken to 5 December 2019 Strategy and Resources Committee where Members requested more information on Service Improvement and Service Failure projects. Projects have been reviewed and recategorized where required, some have been removed and reasons for this are explained in this report.

2. RECOMMENDATIONS

That the Committee considers the proposals set out in this report, comments are invited on the project bids set out in **APPENDIX A** and to identify which projects should be included for consideration in the 2020 / 21 capital programme by the Council in February 2020.

3. SUMMARY OF KEY ISSUES

- 3.1 The Council's capital programme will need to reflect the three strategic themes set out in the Council's Corporate vision of Place Community and Prosperity.
- 3.2 The 2020 / 21 project bids set out in the table overleaf and detailed projects sheet can be found as **APPENDIX A**. The projects have been categorised by Officers into two groups:
- Essential (E): Failure to carry out the project is likely to have health and safety implications and/or will have fundamental impact on service provision;
 - Service failure (SF): Relating to an operational asset that requires capital funding to ensure continued reliability or service provision;

Project Category	Capital Project Bid Details	£'000
Vehicles		
SF	2 Ride on John Deere mowers	41,000
E	Wood Chipper	17,600
Rivers		
E	Rigid Inflatable Boat	40,000
Playsites		
E	Multi Use Games Area (MUGA) Maldon	20,000
E	MUGA Burnham-on-Crouch	26,000
Leisure Centres		
E	Air Handling unit	24,500
		Total
		169,100
	Essential	128,100
	Service Failure	41,000

- 3.3 Since the meeting of the Committee on 5 December 2019, an additional Capital Project Bid has been added for a new air handling unit for Blackwater Leisure Centre. The responsibility to replace the unit falls to Maldon District Council as part of the contract. The current unit has been in place since 2002 and is classed as Essential.
- 3.4 The following project bids have been removed from the original list submitted to 5 December 2019 meeting of this Committee:
- **Scarab road sweeper** – The proposal to bring the service inhouse by purchasing and operating a road sweeper was categorized originally as a service improvement. Whilst the bid was for the purchase of a vehicle there would also have been associated revenue costs to operate the vehicle. It has therefore been withdrawn from the capital bids so that it can be subjected to a full business case appraisal to determine whether the proposal is financially sound and viable but also that it is the best and most cost effective way to achieve the desired service improvement when compared against achieving the same outcomes from the existing outsourced contract. In the meantime there will be no change to the existing contracted service.
 - **Cemetery Headstone plinths** – The project will form part of a full business case to a future meeting of the Committee in respect of the potential commercialisation opportunities in the Cemeteries Service.
 - **Ford Transit Tipper Truck** – The current vehicle has little residual value and will therefore be used until no longer useable when a project bid will be submitted.
 - **Council Office roof repairs** – The roof will be subjected to a full survey. Any emergency repairs required will be presented as a supplementary request.
- 3.5 As part of the budget strategy the broad principles adopted in relation to capital are that expenditure will be financed from existing useable capital resources and not directly from revenue.

- 3.6 At the start of 2019 / 20 the Council had capital reserves totalling £3.1m. £1.5m was scheduled to be used to support the 2019 / 20 capital programme, which would leave £1.6m to support future programmes for 2020 / 21 and beyond.
- 3.7 In the absence of a sizeable capital receipt from a disposal of an asset, the Council will have used up its usable capital receipts within circa. four years at the rate of the capital programme suggested for 2020 / 21. That would mean that future capital programmes will have to be funded from borrowing. The Council is currently debt free.
- 3.8 The Committee should note that any large capital project(s) as a result of the Commercial Strategy will be presented for consideration on a project by project business case basis under the governance arrangements for the delivery of the Commercial Strategy. The financing options of those project(s) would be included as part of the business case for the project(s).

4. CONCLUSION

- 4.1 It is essential that the Council's assets are maintained to ensure continued reliability and service provision either at current or improved level.
- 4.2 The Committee is asked to consider the capital bids presented in this report; agree the schemes and make a recommendation to the Council meeting on 13 February 2020 for the 2020 / 21 Capital Programme. Any revenue consequences of the capital projects so chosen will be included in the 2020 / 21 revenue budget.

5. IMPACT ON STRATEGIC THEMES

- 5.1 The proposed capital bids can be directly linked to the outcomes and service delivery within the Place and Community Strategic Themes.

6. IMPLICATIONS

- (i) **Impact on Customers** – The aims of the projects and impact on customers is outlined in **APPENDIX A**.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – Risks have been considered as part of each project brief; this includes information about the risks should the project not be taken forward, as well as risks that may impact on the success of the project.
- (iv) **Impact on resources (financial)** – Both capital and revenue implications are outlined within **APPENDIX A**. The capital programme will be financed internally by utilising capital reserves and the consequent impact on revenue will be factored into the Medium Term Financial Strategy.

- (v) **Impact on Resources (human)** – As well as financial factors, staff resources to deliver each project has been considered and this has been included within each project brief.
- (vi) **Impact on the Environment** – Many of the capital project bids are to maintain existing facilities or infrastructure. Any repair works will be undertaken sensitively to minimise the impact upon the wider environment.

Background Papers: **APPENDIX A.**

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