

MIDDLESBROUGH COUNCIL

OVERVIEW AND SCRUTINY BOARD

Capital Appraisal & Review 2014/2015

**Executive Member for Commercial Assets/Income: Stephen Bloundele,
Executive Director of Commercial & Corporate Services**

3 March 2015

PURPOSE OF THE REPORT

1. To present to Overview and Scrutiny Board the outcome of the review of the Council's Capital Programme.

RECOMMENDATIONS

2. Overview and Scrutiny Board are asked to:

Note the list of appraised capital projects listed at appendix A for inclusion into the capital programme and the continuation of the three medium term plan saving projects detailed at paragraph 9.

BACKGROUND AND EXTERNAL CONSULTATION

3. In May 2014, the Council commenced a review and appraisal of the Capital programme. The key objective of the review was to ensure that capital investment is aligned to Council priorities and the nine outcomes and deliver the achievement of the Mayor's Vision.
4. All Members and Council service areas were asked to put forward suggestions for new projects that would be appraised and scored before being considered by Members against overall available capital resources.
5. During the period for Members suggestions, 28 individual suggestions were received from 16 Members. Members were asked to complete a simple form suggesting the scheme and an estimate of cost if known.
6. A sifting and amalgamating process then took place to arrive at projects which could proceed to a full appraisal costing and scoring, given that some schemes would not be feasible and some schemes were very similar in nature.
7. All fully appraised projects whether from Council Members or Council service areas were then scored by a cross service panel, which also included Councillor Stephen Bloundele who was the lead Member for the review and appraisal process.

8. At the Council meeting on the 26 November the Mayor presented a list of new capital projects that are intended to come forward for approval into the current capital programme. These proposed schemes come as a result of the capital programme review process which has been on-going since May 2014.
9. A review of the available capital resources has also been part of this review process. The existing capital programme has uncommitted available resources of £6.7 million. The takes into account current under-programming and the continuation of three medium term plan (MTFP) saving commitments, that if not continued would create a revenue budget pressure. These relate to the capitalisation of highways and street scene revenue costs and total £430,000.

Project	£000's
Capitalisation of Street Scene costs	55,000
Capitalisation of Highways Maintenance	275,000
Capitalisation of Wheeled Bin Replacements	100,000
Total Medium Term Plan Saving Commitments	430,000

Project Shortlisting

10. All projects were subject to a detailed appraisal assessment and scoring. The assessment and scoring framework were set out in the report to Executive on the 17 June 2014.
11. Executive Members were asked to consider the list of the highest scoring projects which could be delivered with the resources available. Three of the highest scoring projects were invest to save projects which produced significant revenue savings from their implementation. This meant that further projects could be funded by using some of the saving from those three projects to borrow and finance further capital priorities.
12. Using £390,000 of savings allows £3.9 million of further capital investment and with an acceptable element of over-programming of approximately £1.5 million, further investment of £5.4 million can be made in new capital priorities. £180,000 of uncommitted savings remain to contribute towards the medium term financial plan.
13. With the invest to save projects of £6.7 million and the further investment of £5.4 million, a total of £12.1 million of Council resources is available for investment in new capital projects. The full list of the highest scoring projects selected for recommendation, are shown in appendix A.

EQUALITY IMPACT ASSESSMENT

14. Not applicable

OPTION APPRAISAL/RISK ASSESSMENT

15. Not Applicable

FINANCIAL, LEGAL AND WARD IMPLICATIONS

16. The Council funding of £12.1 million will attract additional external funding of £1.362 million giving a total for the 20 proposed capital projects of £13.495 million. The £12.133 million will be financed from surplus resources that are available within the current capital programme, additional borrowing generated from the three invest to save projects and an element of acceptable over-programming.

	£ million
Total cost of 20 Projects at Appendix A	13.495
Less - New External Funding Attracted.	-1.362
Total Council Funding required	12.133
Of which:	
Under-programming in current programme	6.798
Additional Borrowing (funded from invest to save projects)	3.900
Under-programming (0.8% of total programme value)	1.435
Total Council Funding	12.133

17. With the updates to the programme recommended in the report the new capital programme by outcome is summarised in the table below:

Outcome	Current Capital Budget £000's	Additional Capital Funding £000's	New Total Capital Budget £000's	% of Programme
1) Economic Development	81,410	10,611	92,021	52.41
2) Supporting Communities	42	0	42	0.02
3) Improving Public Health	0	0	0	0.00
4) Learning & Skills	19,859	0	19,859	11.31
5) Safeguarding & Children's Care	0	0	0	0.00
6) Social Care	6,312	180	6,492	3.70
7) Environment, Property & Commercial Services	39,226	3,134	42,360	24.13
8) Finance & Investments	479	0	479	0.27
9) Organisation & Governance	14,315	0	14,315	8.15
Total	161,643	13,925	175,568	100.00

18. **Legal Implications** – Not applicable.

RECOMMENDATIONS

19. Overview and Scrutiny Board are asked to:

Note the list of appraised capital projects listed at appendix A for inclusion into the capital programme and the continuation of the three medium term plan saving projects detailed at paragraph 9.

REASONS

20. To ensure that Middlesbrough Council Capital Programme is aligned with the Council's capital investment and change programme priorities.

BACKGROUND PAPERS

The following background papers were used in the preparation of this report:

None

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