

APPENDIX 1

REPORT OF Section 151 Officer
To: Community and Resources Committee
Subject: Capital Programme 2021/22 – 2025/26
Date: 25th January 2021 Reference:

PURPOSE OF REPORT: For Members to update the Capital Programme, for New PIDs, inflationary pressures, and ensure there is sufficient funding for the Capital Programme to balance.

1. Introduction

- 1.1. The Capital Programme is an ongoing forecast of capital investment in Torridge and the resources that are available to fund these plans.
- 1.2. This report sets out the challenges facing the council to ensure the capital programme is fully funded going forward. These are:
 - Inflation – Build cost / Tender Price inflation of existing capital projects.
 - New PID's – To maintain & improve the councils existing infrastructure
 - Funding Shortfall – Due to Inflation and additional PIDs, but also arising from changes to capital funding such as the “New Homes Bonus”.

2. Capital Programme Overview

- 2.1. Torridge's Capital Programme is an ongoing forecast of the resources the Council is planning to invest in its assets and future development opportunities and whilst projects are allocated to specific years, by nature, projects quite often span financial years and resources follow.
- 2.2. The existing approved Capital Programme includes planned investment of £23.1m over the period 2020/21 to 2025/26 (6years).
- 2.3. The Capital Programme is projected forward to 2025/26 to cover the funding of the next round of refuse vehicles.
- 2.4. All capital projects proposed for inclusion in the Council's Capital Programme must be supported by a Project Initiation Document (PiD). The PiD will outline in sufficient detail what the project entails, the costs and benefits it is expected to achieve with particular reference to how it will contribute to Torridge's Strategic Plan and the plans for implementation.
- 2.5. Members have recommended:
 - New Capital PIDs for inclusion in the Capital Program.
 - Closing the Gap by:
 - i. Using Projected Capital Receipts/Project Savings/Contribution from 20-21
 - ii. Increasing Green Waste Charges by £5 per year for each of the next three years
 - iii. Increasing Car Park Charges in both Tourist areas (Westward Ho! / Appledore), and Towns (Bideford/Torrington/Holsworthy)

3. Capital Programme 2020/21 to 2025/26 (6 Years)

3.1. The table below details the approved capital programme for the period 2020/21 – 2025/26, at £23.1m

Capital Programme 20/21 to 25/26	2021/22 To 2025/26
	£'000s
Approved Programme	23,087
Funding	(20,922)
Shortfall	2,165

3.2. The Funding of the capital programme is broken down as follows:

Total Capital Programme - APPROVED	2021/22 To 2025/26
	£'000s
Current Approved Capital Projects	23,087
Current Capital Reserves & Grants Received	(7,681)
Current Shortfall	15,406
Forecast (Rev Contribution, Cap Receipts, Cap Grants)	(8,241)
Forecast Shortfall (before borrowing)	7,165
Approved borrowing	(5,000)
Forecast Shortfall (After borrowing)	2,165

As the table above shows only £7.7m of the Council capital funding is actually held in reserve or in capital grants already received.

Future High Street Fund

FHSF (Future High Street Fund)	£ £'000s
FHSF (Future High Street Fund) - Project Cost	9,687
Capital Receipts (Residential unit sales)	(2,960)
FHSF Grant	(4,287)
Borrowing (PWLB)	(2,440) *
Funding from TDC	-

* Interest and repayments covered by income from rental units

The Council was unsuccessful in its bid for Future High Street funding, consequently this project has been removed from the capital programme.

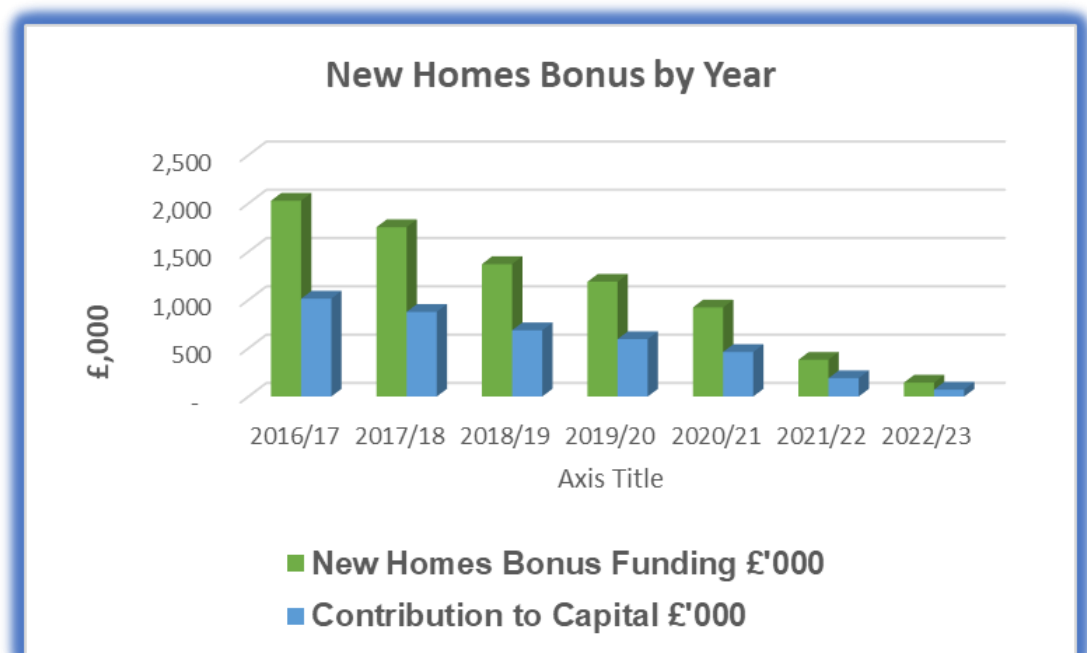
However this does not affect the capital programme funding gap, as the project was designed to be self-financing

The project still remains live and alternative sources of funding are still being sought, which if successful would bring the project back into the Capital Programme.

3.3. Sources of Funding:

The New Homes Bonus (NHB), has been declining over the last several years.

The NHB contributed £1m of funding to the capital programme in 2016/17, 2022/23 will be the last year of this funding stream



Rolling Programmes

Two PIDs have been created to represent continuing capital maintenance requirements of the Council's assets.

Annual Funding

An alternative funding source needs to be found to replace the funding that the New Homes Bonus previously provided. Annual contributions from revenue would meet this requirement, however, the source of these contributions needs to be found (i.e. Additional Income vs Cost Savings)

3.4. Capital Programme – New PIDs (Project Initiation Document)

The suggested new PIDs for members to approve are listed below.

New / Suggested PIDs		2021/22 To 2025/26
<u>PIDs - Rolling Programmes</u>		Per Year
1	Car Parks	80
2	Capital Improvement Program - Property Assets	100
<i>Note: Funded from Annual revenue contribution</i>		180
		£'000s
		400
		500
		900
<u>New PIDs - To be funded from Capital Improvements Programme</u>		
3	Riverbank house Phase 2 (IT, Greenhouse)	200
4	Windmill Lane Refurb	60
5	Bridge Buildings (if not sold)	60
		320
<u>New PIDs - Funded from Planned maintenance Reserve</u>		
6	Muslim Burials	40
7	Skate Park Acoustics	60
8	Harbour (Shipping works)	70
9	Westward Ho WC Drains	35
		205

Rolling Programmes – Annual contributions from revenue to ensure the continuing capital maintenance requirements of the Council's assets (funding will need to be identified for these)

New PIDs (3-5) will to be funded from the Rolling Programmes – Specific projects that would come out of the rolling programmes (if approved)

New PIDs to be funded from “Planned Maintenance” reserve – Capital maintenance works that are required, which can be funded from existing reserve.

New / Suggested PIDs		2021/22	To	2025/26
<u>New PIDs (no Current Funding)</u>		Year	£'000s	
10	Leisure Contingency	21/22	350	*
11	Depot - Increased Costs		1,550	
12	Town Hall Roof - Increased Costs	Over 2 - 3 yrs	760	
			2,660	
<u>Notice of Motion (No PID at this stage)</u>		£'000s		
Notice of Motion - Pannier Mkt & Market House		220		
Notice of Motion - Retractable Cover (Pool in Vic Park)		56		
		276		
Total of Suggested new PIDs			3,765	

* Includes £450k for new road (possibility of some grant funding)

* Includes Land for future development into commercial units

Future Projects to note:

Linear Defence - Increased Costs (Northam Burrows/W-Ho!)	3,000	^
1610 / Leisure - Rolling Programme		#

^ Match funding from the Environment Agency (£1,500K)

To be considered when future leisure provision is reviewed

Works related to the Linear defences at Westward Ho! have not been included within the capital program. There is recognition that at some point in the future significant expenditure will have to be incurred, the initial estimate of this costs being in the region of £3m. It is anticipated that the Environment Agency would share the costs of any works with the Council on an equal share basis.

Future Capital maintenance of our leisure centres has not been included, as this is dependant on how leisure services are provided once the current contract with 1610 has come to an end, and the nature of our future leisure provision.

New PIDs (no Current Funding)

These Projects are a significant risk to the Council if not undertaken, and there is no current funding identified.

Notice of Motion

These are currently not formal PIDs, however there is a specific "Notice of Motion" relating to them. There is no funding available or identified relating to these, and inclusion of these would increase the shortfall of the capital programme further.

When the rolling program of capital works and new PiDs, Leisure Contingency, increased costs associated with the Environmental Centre and works on the Town Hall roof are added to the existing capital program; the funding gap rises to £5.7m.

Total Capital Programme - with NEW PiDs	2021/22 To 2025/26	Total Funding	Shortfall
	£'000s	£'000s	£'000s
Current Approved Capital Projects	23,087	(20,923)	2,165
New PiDs:			
Rolling Programme (funded additional income or savings - to be identified)	900		900
New PiDs (Planned Maintenance Reserve funded)	240	(240)	-
New PiDs (no Current Funding)	1,110		1,110
New Environment Centre (Increased Costs)	1,550	-	1,550
Capital Projects (After New PiDs)	26,887	(21,163)	5,725

3.5 Closing the Gap:

The Gap of £5.7M can be split in to three distinct areas, and each of these looked at in turn:

Shortfall can be broken down in to three distinct areas:		£'000s
1	Approved Capital Programme & New Specific PiDs	3,275
2	New Environmental Centre	1,550
3	Rolling Programmes (Future Funding)	900
Total Shortfall		5,725

Gap 1.

This relates to the existing approved capital programme, and the additional new specific PIDs (excluding the environmental centre)

1 Approved Capital Programme & New Specific PIDs		
	£'000s	£'000s
Existing Capital Programme - Shortfall		2,165
PIDs - to maintain existing Buildings & Equipment		1,110
Existing Assets (Shortfall)		3,275
Current Programme Savings		
Burrows Centre	541	
Projects completed under budget	144	
Capital Receipts		
Cleave Wood Capital Receipts	1,280	
Tadworthy	600	
Bridge Buildings	335	
Westward Ho! Park (Received Nov 2020)	100	
Contingency for non receipt + Future PIDs	(500)	
Contribution from 20/21	642	
Contribution from 21/22	275	
Total Available		3,417
Existing Assets (Surplus)/Shortfall		(142)

As the table above shows a combination of

- savings on the existing capital program
- future capital receipts (after setting aside a contingency for receipts not materialising)
- setting aside the projected surplus from the 2020/21 revenue budgets and
- contribution from the 2021/22 revenue budgets

can reduce the funding gap from £5.7M Gap down to £2.5M

Gap 2.

The gap relating to the new Environmental Centre can be bridged by borrowing from the PWLB.

This additional borrowing would require annual capital and interest payments, which put pressure on the councils revenue budget.

To fund these pressures additional savings or additional income are required.

2 New Environmental Centre	
	£'000s
PID - To Build a new Environmental Centre	1,550
Represents the increased borrowing required. There is a detailed review of the environmental centre scheduled later in the month	
The Borrowing for the centre (in the approved project), is funded from increased income, and cost savings.	
Therefore for the project to be approved in it's new state, this also should be the case.	
Therefore overall borrowing will increase to	5,600
Annual Cost	392
Identified Savings and increased revenue	(222)
Additional Savings to find (in order for the project to go ahead)	170

Green Waste Charges:

An increase of £5 per year for the next three years, would generate additional income of around £180K (per year). The charges for Devon authorities and Cornwall are shown for comparison. As can be seen Torridge is currently the cheapest provider of Garden Waste collection services.

Green Waste Charges		Per Collection
Torridge	£35.00	£1.40
Mid Devon	£50.00	£2.00
East Devon	£48.00	£1.92
Cornwall	£43.00	£1.72
West Devon	£40.00	£1.60
North Devon	£36.00	£1.44

If Green waste charges are increased, and further borrowing authorised for the new environmental centre, then this gap can also be closed, reducing the gap further to £0.9M

Gap 3.

To close the final gap £180K of increased income or cost savings needs to be found:

3 Rolling Programmes (Future Funding)		£'000s	
Rolling Programmes (Future Funding)		900	
Annual Revenue to generate or savings to find:		180	
Income Generation:			
	£'000s	£'000s	£'000s
<u>Parking Charges:</u>			
<i>Note: - Keep 30p for 30 mins to help local businesses</i>			
<i>- look at free Saturday parking in December to help local businesses</i>			
	Yr1	Yr2	Yr3
Tourist Locations <i>(increase to comparable sites in SW)</i>	63	122	178
Towns <i>(increase by 10p per hour - each yr)</i>	96	162	238
Other Parking charges <i>(increase by 11%/9%/5%)</i>	11	22	27
	170	306	443
Surplus for Revenue Budget:	(10)	126	263

3.6 Income Generation and/or Service Reductions:

Members have discussed the ways in which the gap could be closed.

Service reductions were considered as well as cutting discretionary grants, however it was noted that such reductions have a larger impact on the more vulnerable residents, whereas increasing charges tends to impact the more affluent residents and tourists.

Members were overall in favour of:

- Increasing car parking charges
- Increasing Green Waste charges by £5 for each of the next 3 years

These increases in charges result in the Capital Programme being brought into balance, along with the Revenue Budget:

Medium Term Financial Strategy		21-22	22-23	23-24	24-25	25-26	
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Provisional Funding Gap		335	730	793	607	558	
Cummulative							3,023
Transition in Government Funding							1,208
Cummulative Deficit							1,815
							3,023
Green Waste Charges		(60)	(120)	(180)	(180)	(180)	(720)
Parking Tourist Areas (W-Ho!, Appledore)		(63)	(122)	(178)	(178)	(178)	
Parking Towns (Bideford/Holworthy/Torrington)		(96)	(162)	(238)	(238)	(238)	
Other Parking		(11)	(22)	(27)	(27)	(27)	(1,805)
Adjusted Funding Gap		105	304	170	(16)	(65)	
Cummulative							498

3.7 Recommendations from Members:

- 3.7.1 Approve the new PIDs
- 3.7.2 Utilise Capital Receipts, Project savings, Contribution from 2020/21 and Contribution from 21/22 to close Gap no.1
- 3.7.3 Increase Green waste Charges by £5 per year for the next three years to close Gap no.2 (Green Waste charges 21/22 £40, 22/23 £45, 23/24 £50)
- 3.7.4 Close Gap 3 and reduce the gap on the revenue budget by increasing Parking charges:
- In Towns (Bideford, Holworthy, Torrington) by approx. 10p per hour
 - (note for each of the next three years – details by car park are in Section 4.0)
 - In Tourist Locations (Westward Ho! and Appledore) by approx. 20p per hour
 - (note for each of the next three years – details by car park are in Section 4.0)
 - Other Parking charges (Permits) (see section 4.0 for details)

4.0 Car Parking Charges – Increased charges over the next three years, by car park:

Detailed charges covering the next three years, for each of the following:

- Short Stay Car Parks (Towns)
- Long Stay Car Parks (Towns)
- Westward Ho! (Tourist) – Summer
- Westward Ho! (Tourist) – Winter
- Appledore (Tourist) – Summer
- Appledore (Tourist) – Winter
- Permits

Short Stay Car Parks (Towns)				
Current		Yr 1	Yr2	Yr3
30 mins	£ 0.30	£ 0.30	£ 0.30	£ 0.30
Per Hour	£ 1.00	£ 1.10	£ 1.20	£ 1.30
Bridge Street Car Park	Bideford	(no 30p for 30 mins)		
Manor Car Park	Bideford			
Riverbank Car Park (Short Stay)	Bideford	(no 30p for 30 mins)		
The Pill Car Park	Bideford	(no 30p for 30 mins)		
The Quay Car Park	Bideford			

Long Stay Car Parks (Towns)				
Current		Yr 1	Yr2	Yr3
1 Hr	£ 0.60	£ 0.70	£ 0.80	£ 0.90
2 Hrs	£ 1.20	£ 1.40	£ 1.60	£ 1.80
4 Hrs	£ 2.00	£ 2.50	£ 2.70	£ 3.00
Day	£ 3.00	£ 3.50	£ 3.70	£ 4.00
Riverbank Car Park (Long Stay)	Bideford			
Clarence Wharf	Bideford			
Honestone Street	Bideford			
Manor Car Park	Holsworthy			
Barley Grove	Torrington			
Sydney House Car Park	Torrington			

Westward Ho! Tourist - Summer

Current		Yr 1	Yr2	Yr3
30 mins	£ 0.30	£ 0.30	£ 0.30	£ 0.30
1 Hr	£ 1.00	£ 1.20	£ 1.40	£ 1.60
2 Hrs	£ 2.00	£ 2.40	£ 2.80	£ 3.20
4 Hrs	£ 4.00	£ 5.00	£ 6.00	£ 7.00
Day	£ 7.00	£ 9.00	£ 11.00	£ 12.00

Westward Ho! Main

Westward Ho! Slipway (no 30p for 30 mins)

Northam Burrows (Wilkey'S Field)

Westward Ho! Tourist - Winter

Current		Yr 1	Yr2	Yr3
30 mins	£ 0.30	£ 0.30	£ 0.30	£ 0.30
1 Hr	£ 0.60	£ 0.70	£ 0.80	£ 0.90
2 Hrs	£ 1.20	£ 1.40	£ 1.60	£ 1.80
4 Hrs	£ 2.00	£ 2.50	£ 2.70	£ 3.00
Day	£ 3.00	£ 3.50	£ 3.70	£ 4.00

Westward Ho! Main

Westward Ho! Slipway (no 30p for 30 mins)

Northam Burrows (Wilkey'S Field)

Appledore Tourist - Summer

Current		Yr 1	Yr2	Yr3
30 mins	£ 0.30	£ 0.30	£ 0.30	£ 0.30
1 Hr	£ 0.60	£ 0.80	£ 1.00	£ 1.20
2 Hrs	£ 1.20	£ 1.60	£ 2.00	£ 2.40
4 Hrs	£ 2.00	£ 3.40	£ 4.40	£ 5.40
Day	£ 3.00	£ 6.00	£ 7.50	£ 9.00

Churchfields

Odun Road (no 30p for 30 mins)

Appledore West

Appledore Tourist - Winter				
Current		Yr 1	Yr2	Yr3
30 mins	£ 0.30	£ 0.30	£ 0.30	£ 0.30
1 Hr	£ 0.60	£ 0.70	£ 0.80	£ 0.90
2 Hrs	£ 1.20	£ 1.40	£ 1.60	£ 1.80
4 Hrs	£ 2.00	£ 2.50	£ 2.70	£ 3.00
Day	£ 3.00	£ 3.50	£ 3.70	£ 4.00
Churchfields				
Odun Road (no 30p for 30 mins)				
Appledore West				

Note:

Where there is currently a 30 minutes for 30p option, this will be kept to help local business, it is not Proposed to extend this to car parks that don't currently have this option.

Permits				
Permit Type	Current	Yr 1	Yr2	Yr3
Business: - Valid in all long stay car parks (excluding Westward Ho!) - Mon to Sat				
Business - Yearly	£ 263.00	£ 313.00	£ 375.60	£ 406.90
Business - Monthly	£ 27.00	£ 36.00	£ 42.00	£ 42.00
Resident: - 4pm to 10am (Mon to Sat) and all day Sunday				
Residents - Yearly	£ 60.00	£ 70.00	£ 80.00	£ 90.00
Season: - Valid in all long stay car parks (excluding Westward Ho!) - any day of the week				
Season - Yearly	£ 315.00	£ 365.00	£ 438.00	£ 474.50
Season - Monthly	£ 32.00	£ 40.00	£ 50.00	£ 55.00
T Business: - Only for businesses based on The Pill Bideford. Valid in the Pill Car Park				
T Business - Yearly	£ 756.00	£ 800.00	£ 800.00	£ 800.00
Tourist - Weekly permit, maximum of two weeks per applicant in any 12 month period				
Tourist - Weekly	£ 20.00	£ 25.00	£ 25.00	£ 25.00

Implications

Legal Implications

The Council is required to set a balance annual budget

Financial Implications

These are contained in the report

Sustainability Implications

These will form part of detail budget considerations

Compliance with Policies and Strategies

Forms part of the strategy process

SUPPORTING INFORMATION

Contact Officer: David Heyes – Section 151 Officer