

## ASSETS POLICY COMMITTEE - 16 DECEMBER 2015

### THE COUNCIL'S PLANNED CAPITAL EXPENDITURE

#### 1. Purpose of Report

To provide members with an update in respect of the "Newcastle Capital Investment Programme" (NCIP), identifying the investment required over the next four years.

#### 2. Recommendation

**2.1 *That the Assets Policy Committee endorses the process that has been followed in the compilation of the capital investment programme recognising the need for substantial resources to be identified to fund the programme.***

#### 3. Reasons

3.1 To set out the capital expenditure required for which funding will need to be made available.

#### 4. Background

4.1 In February 2014 Cabinet approved a report entitled the "Newcastle Capital Investment Programme (NCIP)" which was subsequently endorsed by full Council as part of the approval of the Capital Strategy in February 2015.

4.2 The NCIP report set out the investment needed over the period spanning 2015/16 to 2018/19 that would need to be financed by the Council from its own resources:

- to replace or maintain operational assets so that services can continue to be provided in accordance with corporate priorities;
- to ensure the safety and comfort of staff and customers;
- to comply with statutory provisions eg health and safety, disabled facilities grants;
- to maintain the stock of investment assets such as shops and industrial units in order to comply with landlord responsibilities and to safeguard future investment income from these assets;
- to fulfil its environmental and heritage responsibilities.

4.3 Over the 4 year period the total investment required, grouped into six themed categories, was estimated at £18.859m.

4.4 The programme did not include the provision of new facilities or other development expenditure, for example in respect of economic development activities or a modern leisure facility in Kidsgrove or investment in the Museum with a view to it being in a condition where it would be feasible to transfer it to a Trust in 5 years' time.

4.5 As discussed at last week's committee meeting, the intention of this item is not to go through any of the detailed expenditure but for members to note and

acknowledge the processes in place that identify the significant future capital investment need.

## 5. Updating and Reassessment of Capital Expenditure

- 5.1 Since the February 2014 Cabinet report was agreed, the investment needs have been reassessed, firstly when the capital programme for 2015/16 was compiled and secondly following the establishment of the Assets Review Group (ARG). The ARG reviewed the programme and has commenced a process of prioritisation. In addition, a further year (2019/20) has been added to ensure a rolling 4 year programme. Furthermore, new projects have been approved during the last few months and added to the programme (eg the new waste and recycling service and the Civic Hub).
- 5.2 The table below shows the estimated investment required over the next four years:

<b>Investment Type</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Totals</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
Improving Housing in the Borough	515	540	540	540	2,135
Investing in community facilities	582	1,034	893	325	2,834
Community centres	62	505	118	25	709
Safeguarding the Borough's heritage	65	136	159	139	499
Investing for the future	2,997	689	1,018	1,776	6,480
Vehicles and Plant	2,186	880	204	573	3,843
<b>TOTAL</b>	<b>6,406</b>	<b>3,784</b>	<b>2,931</b>	<b>3,378</b>	<b>16,500</b>

- 5.3 A reconciliation of the changes between the requirement in the February 2014 report, referred to in paragraph 4.3, and the investment now required, as identified in the table above, is shown below:

<b>DETAIL</b>	<b>£'000</b>
<b>CAPITAL INVESTMENT PROGRAMME 2015/16 TO 2018/19 APPENDED TO 2015 TO 2019 CAPITAL STRATEGY</b>	<b>18,859</b>
<b>CHANGES:</b>	
Included in 2015/16 Capital Programme	(1,235)
Projects Deleted:	
Works re Properties to be disposed of as part of Civic Hub development	(1,301)
Works re Properties Sold	(975)
Other Deletions	(1,212)
New Projects	1,471
Projects put back to 2019/20 or later	(3,535)
Changes to Estimated Costs of Projects	(850)
Civic Hub element to be funded from Council resources	1,900
<b>Updated Programme up to 31 March 2019 (Years 2016/17 to 2018/19)</b>	<b>13,121</b>
Addition of a further Year's Projects (2019/20) *	3,378
<b>UPDATED CAPITAL INVESTMENT PROGRAMME 2016/17 TO 2019/20</b>	<b>16,500</b>

\* The further year's projects include new projects, continuation of "provisions" made for ongoing expenditure, (e.g. re footpath repairs, disabled facilities grants, etc) and some projects included in the "projects put back to 2019/20 or later" line in the table in arriving at the reconciliation up to 31 March 2020.

A full detailed breakdown of the **£16.5m** capital requirement to be funded by the Council's own resources is available on request.

## **6. Conclusions**

6.1 Extensive work has gone in to producing and updating the Council's Capital Investment Programme and the required need for resources over the next few years.

6.2 Whilst certain schemes and work could be delayed, or not done at all, it would not significantly change the considerable investment required by the Council in the medium term.