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Date: Thursday, 12 February 2015

Overview and Scrutiny
Town Hall
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Dear Member

OVERVIEW AND SCRUTINY BOARD - WEDNESDAY, 18 FEBRUARY 2015

I am now able to enclose, for consideration at the Overview and Scrutiny Board to be held on Wednesday, 18 February 2015, the following reports that were unavailable when the agenda was printed.

Agenda No	Item	Page
6.	Capital Plan Budget Monitoring - Quarter 3	(Pages 65 - 84)

Yours sincerely

Kate Spencer
Overview and Scrutiny Lead



Meeting: Overview & Scrutiny Board
Council

Date: 18th February 2015
26th February 2015

Wards Affected: All

Report Title: Capital Investment Plan Update - 2014/15 Quarter 3

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1 Purpose

- 1.1 The Council's capital investment plan with its investment in new and existing assets is a key part of delivering the Council's outcomes. This is the third Capital Monitoring report for 2014/15 under the Council's budget monitoring procedures. It provides high-level information on capital expenditure and funding for the year compared with the latest budget position as reported to Council in December 2014.

2 Proposed Decision

Overview & Scrutiny Board

- 2.1 **That Members note the latest position for the Council's Capital expenditure and income for 2014/15 and consider any recommendations to Council.**

Council

- 2.2 **Council note the latest position for the Council's Capital expenditure and funding for 2014/15.**
- 2.3 **Council are requested to approve prudential borrowing of £0.134 million for works to reinstate and enhance Beach Chalets at Oddicombe Beach to be funded from future rental income and the resort services budget.**
- 2.4 **Council are requested to approve additional prudential borrowing of £0.6 million for works on the Meadfoot Beach Chalets replacements to be funded from future rental income and the resort services budget.**
- 2.5 **Council are requested to approve a loan for a capital purpose to TDA for £1.4 million to enable the TDA's acquisition and related works on sites at Kings Ash House.**
- 2.6 **Council are requested to approve prudential borrowing of £2.0 million and allocate £0.350m from New Growth Points Grant towards the £6.5m Electronics & Photonics Innovation Centre at White Rock to be funded from future rental income**
- 2.7 **Council are recommended to confirm that Department of Transport Structural Maintenance and Integrated Transport grant allocations announced for future years (2015/16 to 2020/21) are earmarked for Highways.**
- 2.8 **Council are recommended to allocate £0.254m from New Growth Points Grant for the replacement of decking and joists on Princess Pier.**

2.9 Council are recommended to allocate £0.100m from New Growth Points Grant for remedial works to the Cliff face at Oddicombe and Goodrington beaches.

2.10 Council are recommended to approve a loan of £50,000 to Torbay Coast and Countryside Trust to support the Green Heart appeal.

3 Reasons for Decision

3.1 Quarterly reporting to both the Overview and Scrutiny Board and to Council is part of the Council's financial management process and the Capital Investment Plan forms part of that process.

3.2 There are a number of Council schemes where Council approval is required for the allocation of funds to a scheme or a service including the approval of prudential borrowing.

4 Summary

4.1 Members of the Overview and Scrutiny Board and Council receive regular budget monitoring reports on the Council's Capital Investment Plan throughout the year. The Council's four year Capital Investment Plan is updated each quarter through the year. This report is the monitoring report for the third quarter 2014/15 and includes variations arising in this quarter to the end December 2014.

4.2 The overall funding position of the 4-year Capital Investment Plan Budget of £85.2 million, covering the period 2014/15 – 2017/18, is in balance but still relies upon the generation of £4.1 million of Capital income from capital receipts and capital contributions over the life of the Capital Investment Plan.

4.3 Of this £4.1m, £3.6 million was required from capital receipts before the end of the current Plan period. Of this sum £1.6 million has been received by the end of December, leaving a balance of £2.0 million still to be realised. It is only after this target has been reached that any capital receipts should be applied to new schemes.

4.4 The Plan also requires a total of £0.5m from capital contributions including community infrastructure levy which is expected to be approved during 2015. In addition £2.1m is due to be generated from S106 contributions to part fund the South Devon Link Road.

4.5 As the target income for capital receipts and capital contributions are required to meet existing Council commitments, it is important that any capital income raised is allocated to existing commitments and not used to support additional expenditure on new schemes.

5 Supporting Information

5.1 The original capital budget approved by Council in February 2014 was £26.4 million. That has been subsequently revised for re profiling of expenditure from 2013/14, new schemes and re profiling expenditure to future years. All changes with reasons have either been included in previous monitoring reports, or are detailed in this report.

5.2 Capital budgets of £5.1m were brought forward to 2014/15 to enable schemes not completed or progressed in 2013/14 to be continued in the current year along with the funding sources for the scheme. It should also be noted that re profiling budgets often result from valid project management reasons such as scheme re engineering, further consultations and clarification with users or detailed tendering.

5.3 Of the total £85.2 million of the 4 year programme, £23.2 million is currently scheduled to be spent in 2014/15, including £3m on the South Devon Link Road.

5.4 The appendix has been re presented with schemes now grouped by Directorate areas, with schemes fully or in part funded by prudential borrowing flagged.

6 Movements in 2014/15 Estimated expenditure

6.1 The movements in the estimate of expenditure in 2014/15 on the Capital Investment Plan between the last monitoring report at September 2014 of £30.3m and the current approved budget for 2014/15 of £23.2m, are shown below. Please note the format of this table has been changed so that schemes are now ordered by their service Directorate, as is Annex 1.

Scheme	Variation in 2014/15	Change £m	Reason
Estimate as at Q2 2014/15		30.3	Capital Investment Plan Update – 2014/15 Quarter 2 (Report 4 th Dec 2014)
Budget changes since Q2 2014/15			
Adult Services			
Autism Innovation	New 14/15 grant allocation	0	Small £19k grant to improve facilities for people with autism.
		0	
Childrens Services			
2 year old Provision	Budget moved to 15/16	(0.1)	Schemes under review so budget moved
Capital Repairs and Maintenance 12/13	Budget not required	(0.1)	Saving moved to Education Review budget in 15/16
Childrens Centres	Saving on scheme	(0.1)	Saving moved to Education Review budget in 15/16
Cockington Primary expansion	Rephase budget to 15/16	(0.5)	Review expenditure profile
Education Review Projects	Budget moved to 15/16	(0.1)	Part budget moved to 2015/16
St Margaret Clitherow expansion	Rephase budget to 2015/16	(0.3)	Delays in scheme require budget adjustment
Warberry CoE Primary expansion	Saving on scheme	(0.3)	Saving moved to Education Review budget in 15/16
Whiterock Primary expansion	Rephase budget	(0.3)	Part budget moved to 2015/16
Youth Modular Projects	Rephase budget	(0.1)	Schemes under review so budget moved
		(1.9)	
Place			
Beach Hut Acquisition and Renewal	Additional budget requirement	0.6 (0.2)	Increased costs of scheme Part rephased to 2015/16
Haldon Pier	Move budget to next year	(0.4)	Reschedule works
NGP – Innovation Centre Ph3	Budget moved to reflect expected spend pattern	(0.1)	Work unlikely until 2015/16
Oddicombe Beach Chalets	New scheme	0.2	Replacement Beach Chalets (requires Prudential Borrowing)
Paignton Picture House	New scheme	0.1	Facilitate purchase of Heritage property
Princess Pier	New scheme	0.2	Urgent work to Pier boardwalk
South Devon Link Road	Budget re-phased	(6.0)	Contractor review of expenditure profile, this will not affect the scheme completion date
TDA Loans	New budget	0.6	Includes loans (£2m) to support TDA capital expenditure
TOR2 grant Refuse transfer vehicles	Additional budget	0.1	Increased cost to give improved specification to vehicles to maximise capacity.
Torre Valley North Enhancements	Budget transfer to 15/16	(0.1)	Unlikely to spend this year
Flood Defence/Cliff works	Additional budget for works at Goodrington and Oddicombe	0.1	Remedial works required
		(4.9)	

Public Health			
NGP Land acquisition	Reduced budget	(0.3)	Part budget allocated to Princess Pier and Cliff works
		(0.3)	
All Services including Contingency			
General Contingency		0	
Estimate – Quarter Three 2014/15		23.2	

7 Expenditure

- 7.1 The Capital Investment Plan Budget has been subsequently updated for any further revision to both projects and timing, resulting in the latest revision attached to Annex 1. The Plan now totals £85.2 million over the 4 year period of which £23.2 million relates to 2014/15 and £29.5 million relates to 2015/16
- 7.2 The purpose of this report and the Monitoring statement attached is to highlight any existing or potential issues which may affect the delivery of the major projects included in the Plan and to consider any potential effect on corporate resources.
- 7.3 Expenditure to the end of this third quarter was £10 million with a further £14 million of commitments on the Council's finance system. The expenditure of £10 million is only 43% of the latest budget for 2014/15. This compares with £11 million (or 64% of outturn) for the third quarter last year. It is recognised that for a number of schemes, notably the South Devon Link Road (14/15 budget £3m), the Council will not incur expenditure until later in the year.

	2009/10 £m (%)	2010/11 £m (%)	2011/12 £m (%)	2012/13 £m (%)	2013/14 £m (%)	2014/15 £m (%)
Quarter One	8 (16%)	10 (23%)	3 (14%)	2 (11%)	4 (23%)	2 (9%)
Quarter Two	11 (22%)	13 (30%)	7 (32%)	4 (21%)	4 (23%)	4 (17%)
Quarter Three	13 (27%)	9 (21%)	5 (22%)	5 (26%)	3 (18%)	4 (17%)
Quarter Four	17 (35%)	11 (26%)	7 (32%)	8 (42%)	6 (35%)	-
Total In Year	49	43	22	19	17	23

8 Main Variations & Management Action

- 8.1 An estimate of funds was identified in the Capital Investment Plan (February 2012) for the four years of the Plan, which was provisionally allocated to a number of "priority" areas.
- 8.2 The Capital Investment Plan as at 2014/15 Quarter Three shows the approved schemes to the extent that funding has been received or confirmed. Where the value of the approved schemes exceeds the known funding, temporary prudential borrowing has been used pending the future receipt of funds, at which point the funding will be swapped. However if funding is not realised, such as lower than anticipated grant funding, then the Capital Investment Plan will have to be reduced accordingly or alternative sources of funding allocated such as prudential borrowing.

9 Adult Services:

- 9.1 Autism Innovation Grant – As reported in the previous monitoring report, the Council has been allocated a small grant of £0.019m to support people with autism. At present the funding is likely to be used to provide specialist IT equipment to benefit those with autism.

10 Childrens Services:

- 10.1 There are a number of variations to budgets on various schemes as detailed below. Members will note that a further report on Childrens Services proposals is due to be presented to Council on 26th February to seek approval on use of both previously allocated funding and future funding with respect to pupil places.

- 10.2 Childrens Centres – £0.110 m of the budget earmarked for this project is no longer required so has been moved to Education Review Projects
- 10.3 School Basic Need projects: Further adjustments to the phasing of budgets between years at various sites but these changes have no impact on the overall budget position. This includes projects at Cockington Primary, Whiterock and St Margaret Clitherow where budget has been moved from 2014/15 to 2015/16. The scheme at Warberry C of E Primary has come in under budget and consequently the £0.350m saving has been transferred to Education Review Projects awaiting reallocation.
- 10.4 Similarly, some other budgets have been transferred from the current year to next year to reflect the latest estimates of expenditure patterns. These schemes are 2 Year Old Provision (£0.08m), Youth Modular Projects (£0.05m) and Education Review Projects ((£0.08m).
- 10.5 Schools Capital Repairs and Maintenance 2012/13: Not all of this budget is required at present so £0.1 m has been transferred to the Education Review Projects budget in 2015/16 for future allocation to specific schemes.

11 Place

- 11.1 Beach Hut Acquisition and Redevelopment – Council previously approved the programme to upgrade Beach Hut facilities at Broadsands and Meadfoot. There are indications that the costs associated with the Meadfoot scheme are escalating due to the weather last winter and could result in additional expenditure. Officers are monitoring the situation carefully and are considering options on how this can be managed. The additional costs are estimated to be a maximum of £0.6million which will be funded from additional Prudential Borrowing. The costs of this additional borrowing will have to be funded from the service.

The key information from the revised business case is summarised below

Capital Cost – demolition, construction and interior fit out of 137 lower and roof chalets	£2,156,000
Prudential Borrowing	£2,156,000
Repayment Terms	4.5% over 35 years
Additional costs per annum including repayment	£159,000
Additional Income per annum	(£162,000)
Forecast Surplus	(£3,000)

The business case has been revised with the repayment term extended to 35 years linked to the expected life of the huts based on their construction and a reduced anticipated surplus per annum.

- 11.2 Flood Defence Schemes – This budget covers works at a number of cliff and sea wall locations, There is currently an expectation that some schemes may overspend but officers are continuing to monitor closely and savings on other projects may help offset some of the additional costs.
- 11.3 Oddicombe Beach Chalets - following fire damage at this location work is proposed to replace and enhance the chalets, to be similar to those currently under construction at Meadfoot Beach. The expenditure of £0.193m will partially be funded from an insurance reclaim but will also require Prudential Borrowing of £0.134 million. The loan repayments will be funded from hire fees.

The key information from the business case is summarised below

Capital Cost – demolition, construction and interior fit out of 18 roof chalets	£193,000
Less Insurance	(£59,000)
Prudential Borrowing	£134,000
Repayment Terms	4.5% over 25 years
Additional costs per annum including repayment	£11,000
Additional Income per annum – 18 huts	(£7,000)

@ £1,100 per annum	
Shortfall to be met from resort services	£4,000

The business case shows a shortfall compared to the current budget position, however since the fire damage the Council would not have achieved any of the budgeted £11,000 income from the beach huts.

- 11.4 Electronics & Photonics Innovation Centre – proposals for this project (formerly known as Innovation Centre Phase three and approved in principle by Council in May 2012), continue to be investigated by TDA with additional funding bids being made. Grants of £1.025m have been confirmed from the Government’s Coastal Communities Fund towards the capital cost of the scheme and of £3.0m from the Local Enterprise Partnership however a grant from ERDF for £1.5m is still to be confirmed. In addition TDA will be allocating £0.150m of funds towards the project. The Council is now requested to confirm its support of the project with £2m prudential borrowing in addition to the remaining New Growth Points grant shown in the existing Plan of £0.346m. The scheme has been introduced as a £6.5m project, however if the ERDF grant is confirmed the project can be expanded to a £8.0m scheme.
- 11.5 Paignton Picture House – In accordance with a Mayoral Decision dated 16 December 2014, it was agreed to support the acquisition of this historic property (£0.050m) using English Heritage grant (£0.040m) and Council Reserves (£0.010m). The building will then be transferred to Paignton Picture House Trust at nil value.
- 11.6 South Devon Link Road: the contractor continues to provide regular updates on progress and based on latest projections most of Torbay’s contribution will not be required until next year, so £6 million of the 2014/15 budget has been rephased to 2015/16 accordingly. The project is still expected to be completed in December 2015. There is a potential shortfall in Section 106 funding for the scheme (see para. 14.9 below). If these funds are not achieved it is likely the Council will need to increase its Prudential Borrowing on the scheme with a impact on the revenue budget, unless resources are diverted from other projects.
- 11.7 St Michael’s Chapel, Torquay – following notification of grant awarded by English Heritage the Council is to carry out restoration work to St Michael’s Chapel, near Torre Station. This work will compliment woodland management activity in the area to regain historic views of the Chapel from Torre Railway Station and beyond. A contribution from revenue will be added to the £0.05m grant to finance the scheme.
- 11.8 TDA Loans – Support to TDA to enable them to acquire sites at Kings Ash House, Paignton (for a new Enterprise Centre) and Cockington Village Car Park (for improved visitor facilities).

In February 2012 the Chief Executive approved a maximum £0.6m loan as an emergency Council decision in respect of Cockington Car Park, however the loan was not needed at that time as the site was acquired for £0.575m in 2012 using TDA cash flow. The drawdown of the loan is now required as TDA anticipates expenditure on other project proposals therefore this loan is now reported within the Plan.

The Kings Ash project requires funds of up to £1.9m for acquisition and refurbishment. The funding is to be a loan from the Council of £1.4m, which will be drawdown in tranches, and a contribution of £0.5m from the Council’s EDC reserve which will now be accounted for as a capital grant. As the loan for Kings Ash House is “a loan for a capital purpose”, under legislation this counts as capital expenditure for the Council and has to be funded from capital resources, in this case prudential borrowing, which requires Council approval.

Both loans will be repaid on an annuity basis with interest over a period of 25 years to be funded from TDA income receipts from both sites.

As these are loans from the Council (as owner) to its 100% owned subsidiary (TDA), and the loans are to support regeneration aims rather than investment returns these are outside the Treasury Management Strategy and are therefore are considered not to be ultra vires.

- 11.9 TOR2 grant – Refuse transfer vehicles – the cost of acquiring the required vehicles to transport to the Energy from Waste plant has increased by £0.054 m to enable improved specification of the plant to maximise payload and achieve delivery schedules. The additional costs to be funded from the Waste Strategy Reserve.
- 11.10 Torre Abbey Phase 2 – whilst all major works on this project have been completed there is ongoing expenditure which will continue into next financial year. Consequently a small part (£0.028m) of the budget has been moved to reflect this.
- 11.11 Torre Valley North Enhancements – Works are not now expected to progress until 2015/16 so budget has been moved accordingly.
- 11.12 Transport Integrated Transport and Structural Maintenance – The Department for Transport have now announced future year grant allocations, details of which are shown in paragraph 14.3 below. The allocations are linked to the value of the planned maintenance backlog of over £10m on the road network, therefore to enable service asset planning and to honour match funding commitments to the Local Transport Board, it is proposed to add these resources to the Highways/Transport budgets in line with Government intentions, although the grants are not ring fenced.
- 11.13 TCCT Loan – Council are recommended to approve an interest free loan of £50,000, to be repaid over four years, to the Torbay and Coast and Countryside Trust to support the match funding requirement to the recent Lottery Grant awarded to improve the Cockington area, which will underwrite the bulk of the outstanding £62,000 shortfall in the Green Heart Appeal. The Trust remains committed to continuing to fund-raise and aims to have covered the full amount of the shortfall by October 2015. The financing provided by the loan will allow the Trust to provide the necessary assurances to Heritage Lottery Fund that the bulk of the funding for the project is in place now. In turn, this will enable HLF to issue formal ‘Permission to Start’, Stage II of the project can commence in February 2015 thus maintaining momentum and reducing the risk of costs increasing beyond the inflation allowances within the project.’
- 11.14 Princess Pier and Strand Improvements - At the Council meeting on 4 December 2014 members deferred a decision on the expenditure of £350,000 for improvements to the Strand, Torquay and £240,000 for the replacement decking and associated works on the Princess Pier, and requested further reports.

The structural report on Princess Pier has now been provided indicating a need to undertake necessary work. Consequently this element of the proposals is now recommended for approval by Council. The report on the Strand improvements will be presented in due course.

- 11.15 Other Regeneration Schemes: - Members are advised the TDA are currently progressing a number of potential regeneration schemes. These are listed below:

Oxen Cove; There are two potential inward investment proposals which could create 40-50 jobs.

Fish Processing Plant; Torbay is home to 10% of the fish processing sector by employment. This project could result in 100-150 new jobs and EU fisheries grants could be available for a scheme.

Claylands; Potential development of business units at the site to be funded from future rental streams.

- 11.16 Cliff Works: Council are recommended to allocate £0.100m from New Growth Points Grant for remedial works to the Cliff face at Oddicombe and Goodrington beaches.

There has been a report on the unstable section of cliff at Oddicombe where the professional advice is that remedial works should commence as soon as possible. The cost of the works at present are estimated to be £60,000.

At Goodrington promenade, cliff stabilisation work is required to the east end. A rock fall at Roundham Head required a section of the promenade to be closed off, this resulted in a number of beach huts not being let and others to be repositioned. The works, estimated to be £40,000 would include concrete dentition and rock netting.

12 Public Health

- 12.1 Empty Homes Scheme – this scheme was originally approved to be funded from Prudential Borrowing with annual contributions from revenue linked to additional New Homes Bonus Grant. However as it is four years since the annual contributions commenced it is now effectively funded from revenue contributions.

13 All Services

- 13.1 General Contingency - The Council has approved a capital contingency of £0.6 million. This contingency is still in place to provide for unforeseen emergencies or shortfall in projected income over the 4-year Plan period but represents less than 1% of the total Capital Investment Plan budget. Currently it is not anticipated that the contingency will be required in this financial year.

14 Receipts & Funding

- 14.1 The funding identified for the latest Capital Investment Plan budget is shown in Annex 1. This is based on the latest prediction of capital resources available to fund the budgeted expenditure over the next 4 years. A summary of the funding of the Capital Investment Plan is shown in the Table below:

	2014/15	2015/16	2016/17	2017/18	Total @ Q3 14/15
	A	B	C	D	E
Funding	£m	£m	£m	£m	£m
Supported Borrowing	0	1	0	0	1
Unsupported Borrowing	6	15	3	3	27
Grants	14	11	17	7	49
Contributions	1	0	0	0	1
Reserves	1	1	0	1	3
Revenue	0	1	1	0	2
Capital Receipts	1	1	0	0	2
Total	23	30	21	11	85

Notes to Table:

Column E – reflects the Capital Investment Plan as at Quarter Three 2014/15 and shows the approved schemes to the extent that funding has been received or confirmed. Where the value of the approved schemes exceeds the known funding, temporary prudential borrowing has been used pending the future receipt of funds, at which point the funding will be swapped.

Grants

- 14.2 Capital Grants continue to be the major funding stream (over 60% in 12/13 and 13/14) for the Council to progress its investment plans. An element of these grants result from “bid” processes from other public sector bodies. The Council used £10.6 million of grants in 2013/14 and is currently estimating to use £14m of grants in 2014/15.
- 14.3 Since the last Capital update (Quarter 2 2014/15) reported to Council in December 2014, the Council has been notified of the following capital grant allocations:

Department for Transport – Structural Maintenance. Allocations have been announced for the next six years although figures for 2018/19 onwards are only indicative: As reported in Quarter 1 the DfT have previously announced allocations for Integrated Transport schemes which are also set out below for information:

	<u>Structural Maintenance</u>	<u>Integrated Transport</u>
2015/16	£1.458 million	1.063 million

2016/17	£1.337 million	1.063 million
2017/18	£1.297 million	1.063 million
2018/19 – 2020/21	£1.174 million each year *	1.063 million each year *

. * Indicative allocations only

These grants are not ringfenced so could be used for any capital purpose although it is recommended that the allocations are used on Highways/Transport services. (para 11.12)

Department of Health – Social Care allocation for 2015/16 of £0.461 million. It was expected that, as part of the Government's Better Care Fund this grant would not be allocated direct to Local Authorities from 2015/16 but the grant has been allocated directly to Councils. The Department has stated that "Relevant conditions will be attached to the grant so that they are used in pooled budgets for the purposes of the fund". As yet these conditions have not been issued by the Department of Health.

Members are reminded that the usual annual allocation for Disabled Facilities Grants (DFGs) is also, from 2015/16, now expected to form part of the Better Care Fund however no announcement on allocations has yet been made for 2015/16.

DCLG – Coastal Communities Fund – £1.025 million ring fenced grant support for a high technology innovation centre in Paignton. (para 11.4)

English Heritage – grant of £46k to enable restoration work at St Michaels Chapel, Torre. (para 11.7).

Capital Receipts –

- 14.4 The approved Plan relies upon the generation of a total of £3.6 million capital receipts from asset sales by the end of 2016/17 of which £1.6m has now been received by the end of December, leaving a target of £2.0m to be achieved. This target is expected to be achieved provided that -
- approved disposals currently "in the pipeline" are completed
 - the Council continues with its disposal policy for surplus and underused assets and,
 - no more new (or amended) schemes are brought forward that rely on the use of capital receipts for funding.
- 14.5 Assets proposed for disposal are reported to Council for approval, with the latest report at Council in October 2014.

Capital Contributions – S106 & Community Infrastructure Levy

- 14.6 The general target for securing capital contributions to fund the 4-year Capital Investment Plan, following review of the Budget in February 2013 was £0.5 million (required by March 2016). In addition the South Devon Link Road business case estimated external contributions including s106 payments of £2.1m to help fund the scheme (£0.102m, received to date).
- 14.7 The intention is that capital contributions are applied to support schemes already approved as part of Capital Investment Plan and not allocated to new schemes unless the agreement with the developer is specific to a particular scheme outside the Capital Investment Plan.
- 14.8 Income from Section106 capital contributions so far in 2014/15 only amount to £0.2 million.
- 14.9 A recent announcement from Government has removed the ability of Councils to charge Section 106 payments on smaller developments of less than 10 units, and no more than 1,000m². This policy is aimed at boosting the small housebuilding sector, but will impact on the Council's ability to generate capital resources for capital schemes, including the South Devon Link Road, where £2.1 million of S106 funding is required.
- 14.10 It is expected that, linked to the adoption of the Local Plan later in 2015, a Community Infrastructure Levy scheme will also be approved.

15 **Borrowing and Prudential Indicators**

- 15.1 The Council set its Prudential Indicators and monitoring arrangements for affordable borrowing in February 2014. The Authorised Limit for External Debt including long term liabilities (the maximum borrowing the Council can legally undertake) and the Operational Boundary (the day-to-day limit for cash management purpose) are monitored on a daily basis by the Executive Head of Finance and reported to Members quarterly.

The limits are as follows

- **Authorised Limit** £231 million
- **Operational Boundary** £161 million

External Debt, and long term liabilities, such as the PFI liability, as at end of December 2014 was £146.8 million. The current level of debt is within the Operational Boundary and the Authorised Limit set for the year. No management action has been required during the quarter.

- 15.2 The only anticipated change to the level of Council's liabilities in 2014/15 is the PFI scheme for the Energy from Waste facility plant in Plymouth. The scheme is judged to be an asset to be recognised on the Council's balance sheet then a corresponding liability to the Council's 17% share of approx £33m will also need to be recognised from the date the plant starts to receive waste. The recognition of this liability will not exceed the Council's Authorised Limit.
- 15.3 The Council's capital expenditure has an overall positive impact on the Council's Balance Sheet. Expenditure in the Capital Investment Plan on the Council's own assets will increase the value attached to the Council's fixed assets. As at 31 March 2014 the Council's "Non Current Assets" were valued at £265 million.

16 **Possibilities and Options**

- 16.1 Council could consider reducing the Capital Investment Plan to reflect any potential reduction in capital receipts or other capital resources.

17 **Consultation**

- 17.1 Where appropriate individual capital schemes have public consultation and negotiation with stakeholders.

18 **Risks**

- 18.1 That capital receipts, other capital contributions such as S106 and Community Infrastructure Levy and future year grant allocations will be not be received to support the plan. This risk is increased with the recent Government announcement reducing the Council's ability to make Section 106 charges on smaller developments (see para.14.9).
- 18.2 The contingency is approximately 0.7% of total planned expenditure on a total programme of £85 million. There could be inflationary cost pressures on the programme thus increasing expenditure.
- 18.3 If additional prudential borrowing is approved this could result in a budget pressure for the relevant service in the expected rental income is not achieved to cover the repayment costs.

Appendices

Appendix 1 - Capital Investment Plan Budget 2014/15 – 2017/18 (as at January 2015).




CAPITAL INVESTMENT PLAN - QUARTER 3 2014/15- EXPENDITURE

Annex 1

					Revised 4-year Plan Jan 2015				
	Actuals & Commitments 2014/15 Qtr 3	Previous 2014/15 (@ Q2 14/15)	2014/15 Q3 Adjustments	New Schemes 2014/15	Total 2014/15 Revised	2015/16	2016/17	2017/18	Total for Plan Period
PB = Approved Prudential Borrowing schemes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
ADULT SERVICES									
Mental Health Care Initiatives		7			7				7
Autism Innovation - IT Enhancements			19		19				19
	0	7	19	0	26	0	0	0	26
CHILDRENS SERVICES									
2 Year Olds Provision		193	(80)		113	80	0	0	193
Asbestos Removal		7			7				7
Barton Primary Cap Project	394	573			573	0			573
Capital Repairs & Maintenance 2011/12		6			6				6
Capital Repairs & Maintenance 2012/13	90	255	(100)		155	100			255
Capital Repairs & Maintenance 2013/14	155	155			155				155
Capital Repairs & Maintenance 2014/15	5	10			10	620			630
Childrens Centres	11	123	(110)		13				13
Cockington Primary expansion	1,893	2,757	(550)		2,207	620			2,827
Coombe Pafford Council contribution	100	100			100				100
Devolved Formula Capital	94	274			274	0	0	0	274
Education Review Projects	1	95	(84)		11	1,040			1,051
Ellacombe Primary expansion	19	50			50	100	350		500
EOTAS Halswell House		1			1				1
Key Stage 1 Free School Meals	91	122			122				122

CAPITAL INVESTMENT PLAN - QUARTER 3 2014/15- EXPENDITURE

Annex 1

					Revised 4-year Plan Jan 2015				
	Actuals & Commitments 2014/15 Qtr 3	Previous 2014/15 (@ Q2 14/15)	2014/15 Q3 Adjustments	New Schemes 2014/15	Total 2014/15 Revised	2015/16	2016/17	2017/18	Total for Plan Period
Mayfield expansion	16	18			18				18
Preston Primary - ASD Unit	5	1	4		5				5
Roselands Primary expansion	451	516			516	10	500	500	1,526
Short Breaks for Disabled Children		0			0				0
St Margaret Clitherow Primary expansion	6	485	(300)		185	300			485
St Margarets Academy expansion	2	5			5	495	1,000	500	2,000
Torbay School Hillside	54	120			120				120
Torre CoE Primary expansion	521	562			562	0			562
Warberry CoE Primary expansion	119	646	(350)		296				296
Whiterock Primary expansion	2,839	603	(250)		353	1,750	1,300		3,403
Youth Modular Projects		51	(51)		0	51			51
	6,866	7,728	(1,871)	0	5,857	5,166	3,150	1,000	15,173
PLACE									
Babbacombe Beach Road		0			0	70			70
Barton Infrastructure	36	43			43				43
 Beach Hut Acquisition/Renewal (Broadsands, Meadfoot)	676	1,390	400		1,790	200			1,990
Brixham Harbour - Victoria Breakwater	(6)	4			4	0	0	0	4
 Council Fleet Vehicles	34	132			132	103			235
DfT Better Bus Areas	131	400			400	0	0	0	400
DfT Local Sustainable Transport Fund (Ferry/Cycle)	174	164			164		0	0	164
Env Agency - Winter 2013/14 Storms damage	402	408			408				408
Flood Defence schemes (with Env Agency)	173	157		100	257	155			412
Haldon Pier - Structural repair Phase I/2	206	861	(361)		500	361			861
Livermead Sea Wall structural repair	37	69			69				69
Local Transport Board schemes	30	125			125	2,900	6,900	5,425	15,350
Meadfoot Sea Wall structural repair	27	43			43				43
NGP - Strategic Cycleway	(45)	0			0				0
 NGP - Torbay Innovation Centre Ph 3 (EPIC)		100	(100)		0	0	6,521		6,521
NGP - Windy Corner Junction		1			1				1
Oddicombe Beach Chalets				193	193				193

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					Revised 4-year Plan Jan 2015				
	Actuals & Commitments 2014/15 Qtr 3	Previous 2014/15 (@ Q2 14/15)	2014/15 Q3 Adjustments	New Schemes 2014/15	Total 2014/15 Revised	2015/16	2016/17	2017/18	Total for Plan Period
	7	150	(140)		10	140			150
PB Old Toll House, Torquay									
PB On Street Parking meters	52	53			53				53
Paignton Picture House				50	50				50
PB Paignton Velopark	332	323			323				323
Princess Pier - Structural repair (with Env Agency)		200			200	1,650			1,850
Princess Pier Decking				254	254				254
PB Princess Promenade (Western Section) Repairs	(46)	0			0				0
Princess Promenade Phase 3	6	0			0				0
Public Toilets - Utilities saving measures	27	38			38	0	0	0	38
Riviera Renaissance (Coastal Communities Fund)	170	170			170		0	0	170
Sea Change - Cockington Court	14	9			9				9
Small Ports Recovery Fund - Winter 13/14	90	295			295				295
PB South Devon Link Road - Council contribution	9,001	9,000	(6,000)		3,000	11,507	1,500	2,907	18,914
St Michael's Chapel, Torre				66	66				66
PB Street Lighting - Energy reduction	430	515			515				515
SWIM Torquay - improve facilities	58	9			9				9
TCCT - Grant re Green Heart Project	100	100	50		150				150
PB TEDC Capital Loans			(1,900)	2,475	575	1,900			2,475
PB TOR2 grant - Refuse transfer vehicles		378	54		432				432
Torbay Leisure Centre - structural repairs	26	26			26	0	0	0	26
Torquay Harbourside Public Realm		0			0				0
PB Torquay Inner Harbour Pontoons	786	765			765				765
PB Torre Abbey Pathway	1	3			3				3
Torre Abbey Renovation - Phase 2	99	128	(28)		100	28			128
Torre Valley North Enhancements		62	(62)		0	124			124
Transport - Edginswell Station	66	159			159				159
Transport Gateway Enhancement	9	14			14				14
Transport Integrated Transport Schemes	182	1,487			1,487	1,063	931	535	4,016
Transport Structural Maintenance	829	1,358			1,358	1,458	1,337	1,297	5,450
Transport Western Corridor	43	240			240	300			540
	14,157	19,379	(8,087)	3,138	14,430	21,959	17,189	10,164	63,742

CAPITAL INVESTMENT PLAN - QUARTER 3 2014/15- EXPENDITURE

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					Revised 4-year Plan Jan 2015				
	Actuals & Commitments 2014/15 Qtr 3	Previous 2014/15 (@ Q2 14/15)	2014/15 Q3 Adjustments	New Schemes 2014/15	Total 2014/15 Revised	2015/16	2016/17	2017/18	Total for Plan Period
PUBLIC HEALTH									
Community Safety									
Disabled Facilities Grants	299	427			427	519	0	0	946
Private Sector Renewal		58			58	0	0	0	58
Housing									
Affordable Housing		0			0	760	761		1,521
Empty Homes Scheme		50			50	225	225		500
Hele's Angels scheme	5	0			0				0
NGP - HCA Match Land Acquisitions		590		(354)	236				236
Sanctuary HA - Hayes Road		250			250				250
Sanctuary HA - Langridge Road , Pgn (4 units adapt)		2			2				2
Sovereign HA - Beechfield (102 units + adapt 3 units)		8			8				8
Torbay Enterprise Project	160	160			160	90			250
	464	1,545	0	(354)	1,191	1,594	986	0	3,771
ALL SERVICE PROJECTS (incl General Contingency)									
Enhancement of Development sites	24	30			30	146			176
 Office Rationalisation Project Ph 2 - Project Remainder	328	607			607				607
Oldway Estate works		400			400				400
Payroll Project	326	370			370				370
Riviera Centre renewal	217	246			246	11			257
Various ICT Improvements	16	15			15				15
General Capital Contingency		0			0	631	0	0	631
	911	1,668	0	0	1,668	788	0	0	2,456
TOTALS	22,398	30,327	(9,939)	2,784	23,172	29,507	21,325	11,164	85,168

CAPITAL INVESTMENT PLAN - QUARTER 3 2014/15- EXPENDITURE

Annex 1

					Revised 4-year Plan Jan 2015				
	Actuals & Commitments 2014/15 Qtr 3	Previous 2014/15 (@ Q2 14/15)	2014/15 Q3 Adjustments	New Schemes 2014/15	Total 2014/15 Revised	2015/16	2016/17	2017/18	Total for Plan Period
CAPITAL INVESTMENT PLAN - QUARTER 3 2014/15- FUNDING									
Supported Borrowing		437	(281)		156	348			504
Unsupported Borrowing		13,856	(9,666)	2,109	6,299	15,218	3,220	2,907	27,644
Grants		13,505	371	86	13,962	10,798	16,697	7,872	49,329
Contributions		529	(55)		474	330	103		907
Reserves		860	282	69	1,211	771	100	385	2,467
Revenue		389	(450)	520	459	800	655		1,914
Capital Receipts		751	(140)		611	1,242	550		2,403
Total		30,327	(9,939)	2,784	23,172	29,507	21,325	11,164	85,168

CAPITAL INVESTMENT PLAN - QUARTER 3 2014/15- EXPENDITURE

Annex 1

	Expend in Prev Years (active schemes only)	Actuals & Commitments 2014/15 Qtr 2	Previous 2014/15 (@ Q2 14/15)	2014/15 Q3 Adjustments	New Schemes 2014/15	Revised 4-year Plan Jan 2015				
						Total 2014/15 Revised	2015/16	2016/17	2017/18	Total for Plan Period
						£'000	£'000	£'000	£'000	£'000
Old Funding Regime (pre 12/13)										
Adults & Resources										
Mental Health Care Initiatives	-		7			7				7
Various ICT Improvements	-		15			15				15
	0	0	22	0	0	22	0	0	0	22
Childrens, Schools & Families										
Asbestos Removal	-		7			7				7
Barton Primary Cap Project	3,927	392	573			573	0			573
Capital Repairs & Maintenance 2011/12	-		6			6				6
Childrens Centres	219	8	123			123				123
Education Review Projects	-	1	95			95	400			495
EOTAS Halswell House	48		1			1				1
Preston Primary - ASD Unit	1,515	1	1			1				1
Short Breaks for Disabled Children	-		0			0				0
Torbay School Hillside	-	68	120			120				120
Youth Modular Projects	-		51			51				51
	5,709	470	977	0	0	977	400	0	0	1,377
Place & Resources										
Babbacombe Beach Road	-		0			0	70			70
Barton Infrastructure	95	29	43			43				43
Enhancement of Development sites	39	20	30			30	146			176
Haldon Pier - Structural repair Phase I/2	2,212	1	861	(361)		500	361			861
NGP - HCA Match Land Acquisitions	714		590			590				590
NGP - Strategic Cycleway	477	(45)	0			0				0
NGP - Torbay Innovation Centre Ph 3	69		100	(100)		0	346			346
NGP - Windy Corner Junction	10		1			1				1
Sanctuary HA - Hayes Road	250		250			250				250
Sanctuary HA - Langridge Road , Pgn (4 units adapt)	44		2			2				2
Hele's Angels scheme	-	5	0			0				0

CAPITAL INVESTMENT PLAN - QUARTER 3 2014/15- EXPENDITURE

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	Expend in Prev Years (active schemes only)	Actuals & Commitments 2014/15 Qtr 2	Previous 2014/15 (@ Q2 14/15)	2014/15 Q3 Adjustments	New Schemes 2014/15	Revised 4-year Plan Jan 2015				
						Total 2014/15 Revised	2015/16	2016/17	2017/18	Total for Plan Period
Sea Change - Cockington Court	3,267	14	9			9				9
Sovereign HA - Beechfield (102 units + adapt 3 units)	300		8			8				8
Torbay Enterprise Project	500	160	160			160	90			250
Public Health	7,977	184	2,054	(461)	0	1,593	1,013	0	0	2,606
Private Sector Renewal	-		58			58	0	0	0	58
	0	0	58	0	0	58	0	0	0	58
	13,686	654	3,111	(461)	0	2,650	1,413	0	0	4,063
New Funding Regime (12/13 onwards)										
Childrens, Schools & Families										
Capital Repairs & Maintenance 2014/15			10			10	620			630
Capital Repairs & Maintenance 2013/14		149	155			155				155
Capital Repairs & Maintenance 2012/13	-	86	255			255	100			355
Cockington Primary expansion	546	1,236	2,757			2,757	70			2,827
Coombe Pafford Council contribution		100	100			100				100
Ellacombe Primary expansion	2	15	50			50	100	350		500
Mayfield expansion	1,311	9	18			18				18
Roselands Primary expansion	174	259	516			516	10	500	500	1,526
St Margarets Academy expansion		2	5			5	495	1,000	500	2,000
St Margaret Clitherow Primary expansion	23	6	485			485				485
Torre CoE Primary expansion	638	520	562			562	0			562
Warberry CoE Primary expansion	1,054	99	646			646				646
Whiterock Primary expansion	97	315	603			603	1,500	1,300		3,403
	3,845	2,796	6,162	0	0	6,162	2,895	3,150	1,000	13,207
Place & Resources										
Affordable Housing	-		0			0	760	761		1,521
Empty Homes Scheme	0		50			50	225	225		500
Flood Defence schemes (with Env Agency)	7	173	157			157	155			312
Livermead Sea Wall structural repair	611	36	69			69				69

CAPITAL INVESTMENT PLAN - QUARTER 3 2014/15- EXPENDITURE

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	Expend in Prev Years (active schemes only)	Actuals & Commitments 2014/15 Qtr 2	Previous 2014/15 (@ Q2 14/15)	2014/15 Q3 Adjustments	New Schemes 2014/15	Revised 4-year Plan Jan 2015				
						Total 2014/15 Revised	2015/16	2016/17	2017/18	Total for Plan Period
Meadfoot Sea Wall structural repair	223	25	43			43				43
Oldway Estate works			400			400				400
Old Toll House, Torquay			150			150				150
Princess Pier - Structural repair (with Env Agency)	-		200			200	1,650			1,850
Princess Promenade Phase 3	169	6	0			0				0
Riviera Centre renewal	883	217	246			246	11			257
SWIM Torquay - improve facilities	571	58	9			9				9
TCCT - Grant re Green Heart Project			100			100				100
Torre Abbey Renovation - Phase 2	4,941	90	128	(28)		100	28			128
Torre Valley North Enhancements	3		62	(62)		0	124			124
Transport - Edginswell Station	1	32	159			159				159
Transport Gateway Enhancement	86	6	14			14				14
Transport Integrated Transport Schemes	-	98	1,487			1,487	590	(132)	(528)	1,417
Transport Structural Maintenance	-	327	1,358			1,358	840			2,198
Transport Western Corridor	65	4	240			240	300			540
	7,560	1,072	4,872	(90)	0	4,782	4,683	854	(528)	9,791
Public Health										
Disabled Facilities Grants	-	172	427			427	519	0	0	946
	0	172	427	0	0	427	519	0	0	946
	11,405	4,040	11,461	(90)	0	11,371	8,097	4,004	472	23,944
New Ring Fenced or Specific Funding (12/13)										
Adults & Resources										
Payroll Project	0	220	370			370				370
Corp Bldgs - Autism Enhancements				19		19				19
	0	220	370	19	0	389	0	0	0	389
Childrens, Schools & Families										
2 Year Olds Provision	60		193			193	0	0	0	193
Devolved Formula Capital		79	274			274	0	0	0	274

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	Expend in Prev Years (active schemes only)	Actuals & Commitments 2014/15 Qtr 2	Previous 2014/15 (@ Q2 14/15)	2014/15 Q3 Adjustments	New Schemes 2014/15	Revised 4-year Plan Jan 2015				
						Total 2014/15 Revised	2015/16	2016/17	2017/18	Total for Plan Period
Key Stage 1 Free School Meals		55	122			122				122
Place & Resources	60	134	589	0	0	589	0	0	0	589
Brixham Harbour - Victoria Breakwater	46	(6)	4			4	0	0	0	4
DfT Better Bus Areas	62	149	400			400	0	0	0	400
DfT Local Sustainable Transport Fund (Ferry/Cycle)	1,344	136	164			164		0	0	164
Env Agency - Winter 2013/14 Storms damage		382	408			408				408
Local Transport Board schemes		19	125			125	2,900	6,900	5,425	15,350
Public Toilets - Utilities saving measures	61	27	38			38	0	0	0	38
Riviera Renaissance (Coastal Communities Fund)	479	170	170			170		0	0	170
Small Ports Recovery Fund - Winter 13/14		90	295			295				295
Torbay Leisure Centre - structural repairs	519	26	26			26	0	0	0	26
Paignton Picture House					50	50				50
	2,511	993	1,630	0	50	1,680	2,900	6,900	5,425	16,905
	2,571	1,347	2,589	19	50	2,658	2,900	6,900	5,425	17,883
Prudential Borrowing Schemes										
Place & Resources										
Beach Hut Acquisition/Renewal (Broadsands, Meadfoot)	601	517	1,390	(200)		1,190	200			1,390
Council Fleet Vehicles	227	34	132			132	103			235
Office Rationalisation Project Ph 2 - Project Remainder	8,079	132	607			607				607
On Street Parking meters	804	51	53			53				53
Paignton Velodrome Cyclopark	477	412	323			323				323
Princess Promenade (Western Section) Repairs	3,834	(47)	0			0				0
South Devon Link Road - Council contribution	1,310	9,001	9,000	(1,500)		7,500	7,007	1,500	2,907	18,914
Street Lighting - Energy reduction		430	515			515				515
TEDC Capital Loans					2,475	2,475				2,475
TOR2 grant - Refuse transfer vehicles			378	54		432				432
Torquay Harbourside Public Realm			0			0				0

CAPITAL INVESTMENT PLAN - QUARTER 3 2014/15- EXPENDITURE

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	Expend in Prev Years (active schemes only)	Actuals & Commitments 2014/15 Qtr 2	Previous 2014/15 (@ Q2 14/15)	2014/15 Q3 Adjustments	New Schemes 2014/15	Revised 4-year Plan Jan 2015				
						Total 2014/15 Revised	2015/16	2016/17	2017/18	Total for Plan Period
Torre Abbey Pathway	47		3			3				3
Torquay Inner Harbour Pontoons	135	774	765			765				765
	15,514	11,304	13,166	(1,646)	2,475	13,995	7,310	1,500	2,907	25,712
	15,514	11,304	13,166	(1,646)	2,475	13,995	7,310	1,500	2,907	25,712
Contingency										
General Capital Contingency	0		0			0	631	0	0	631
	0	0	0	0	0	0	631	0	0	631
TOTALS	43,176	17,345	30,327	(2,178)	2,525	30,674	20,351	12,404	8,804	72,233
CAPITAL INVESTMENT PLAN - QUARTER 3 2014/15- FUNDING										
Supported Borrowing			437			437	67			504
Unsupported Borrowing			13,856	(1,928)	1,975	13,903	8,682	2,720	3,907	29,212
Grants			13,505	(477)	40	13,068	9,044	8,481	4,512	35,105
Contributions			529	(55)		474	385	48		907
Reserves			860	228	10	1,098	771	100	385	2,354
Revenue			389		500	889	300	505		1,694
Capital Receipts			751			751	1,102	550		2,403
Total			30,327	(2,232)	2,525	30,620	20,351	12,404	8,804	72,179