



CAPITAL PLAN 2016/17 TO 2019/20

SUPPORTING INFORMATION

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Produced By:

**Torbay Council,
Town Hall,
TORQUAY**

Contact Officer – Martin Phillips (Tel: 01803 207285)

1. Introduction

The Council's Constitution requires the Capital Plan to be approved by full Council each year as part of the budget setting process.

In reality capital funding and approval of schemes is now an ongoing process and not linked to individual financial years as with the revenue budget. The Council currently receives a four year capital plan update and approves schemes on an ongoing quarterly basis. All capital update reports are subject to review by the Overview and Scrutiny board prior to being presented to Council.

The capital plan that will be presented for approval will be the capital plan position as reported as at Quarter Three 2015/16 – to the end of December. That will be the Quarter Two plan as presented to OSB and Council in November and December updated for new funding/schemes and any changes in profiles of schemes.

To enable review of the current plan this note will outline the funding options for 2016/17 and future years and will outline the potential projects (from the capital reserve list) that Council may wish to consider for future years if funding is available.

The Board are invited to review the Capital Plan at a future meeting and make recommendations on capital expenditure and capital funding to the Mayor, if required, prior to approval in February 2016.

The Capital Plan is closely linked to the Capital Strategy, Treasury Management Strategy, Highways Asset Management Plan and the Corporate Asset Management Plan.

2 Capital Funding 2016/17

2.1 Capital Grants: - Reoccurring Grants

The Council receives a number of central government grants on an annual basis:

- 2.1.1 Devolved Formula Capital. This is a ring fenced grant to support school capital expenditure. As ring fenced to schools there is no Council discretion.
- 1.1.2 Basic Need – Schools. This is an un ring fenced grant but Council has already allocated the previously announced 2016/17 allocation to schools. Therefore no decision is required for 2016/17.
- 1.1.3 Condition – Schools. This is an un ring fenced grant but Council has already allocated the previously announced 2016/17 allocation to schools. Therefore no decision is required for 2016/17.
- 1.1.4 Transport – Structural Maintenance. This is an un ring fenced grant but Council has already allocated the previously announced 2016/17 allocation to transport. Therefore no decision is required for 2016/17.
- 2.1.5 Transport - Integrated Transport - This is an un ring fenced grant but Council has already allocated the previously announced 2016/17 allocation to transport. Therefore no decision is required for 2016/17.
- 2.1.6 Disabled Facilities Grants (DFG) - This is part of the Better Care Fund therefore it will be allocated to Disabled Facilities Grants or other social care and health initiatives.
- 2.1.7 Adult Social Care - This is part of the Better Care Fund therefore it will be allocated to social care and health initiatives.

2.2 Capital Grants: - Project Specific Grants

The Council continues to bid for additional external grant funding but, in line with the capital strategy, restricts schemes to those which support corporate priorities or statutory service objectives and where it can be proved that the project is sustainable, and requirements for match-funding and

future revenue consequences have been considered and approved. All bids are to be agreed with the Mayor and Executive Director prior to submission.

Funding Bids are made to a number of agencies including:

- Environment Agency
- Local Enterprise Partnership
- European Union
- Big Lottery
- Sport England
- Historic England
- Arts Council
- Central Government Departments (DCLG, DoT, DoE, DoH etc)

2.3 Capital Receipts and Capital Contributions

The current policy is to pool all capital receipts from the sale of all assets sold to support the Capital Plan in line with funding the Council's priorities. The current Capital Plan has a capital receipts target to support the approved Plan that has not yet been met. All capital receipts received should be allocated to support this target and not allocated to new schemes. Therefore there isn't any decision required on the allocation of capital receipts.

The current policy is to pool all capital contributions such as s106 contributions to support the Capital Plan in line with funding the Council's priorities. The current Capital Plan has a capital contributions target to support the approved Plan that has not yet been met. All capital contributions received should, where possible, be allocated to support this target and not allocated to new schemes. Therefore there isn't any decision required on the allocation of capital contributions.

Any monies received for infrastructure from the Community Infrastructure Levy (when introduced) will not be allocated to a specific service but will be allocated under the CIL arrangements ("the 1,2,3 List") in line with Council's capital scheme priorities including any specific funding requirements such as the South Devon Highway. Therefore there isn't any decision required on the allocation of the CIL.

2.4 Borrowing

As supported borrowing from central government no longer exists the only form of borrowing open to the Council is unsupported or prudential borrowing.

In the absence of new capital receipts, contributions or additional un ring fenced grants and the pre allocation of un ring fenced grants to both schools and transport the only funding option available to the Council would be from prudential borrowing. Borrowing requires the repayment of principal borrowed and interest costs on the borrowing until repaid. This typically equates to £70,000 per annum for each £1m borrowed and repaid over 25 years.

Council is able to approve borrowing for new schemes providing it is prudent/affordable and that council identify how the borrowing will be funded.

One suggestion members may wish to consider is the creation of an Investment Fund to generate investment returns that can be used to support the Council's revenue budget. On a 25 year repayment the rate of return would need to be in excess of 8% per annum on the value of the investment. Council could consider a fund of up to £10 million and establish a set of investment criteria for officers to comply with in terms of suitable investments.

2.5 Alternative Funding and Delivery Opportunities

Linked closely to the capital plan is the use of alternative methods of supporting capital expenditure within the Bay, using alternative funding, such as social investment, private sector finance and third sector funding or by other bodies delivering capital schemes instead of the Council. The Council can use its assets to support schemes or aim to maximise funding from any source possible, such as European or Local Enterprise Partnership funding.

2.6 Prioritisation and Capital Reserve List

The current four year Capital Plan is attached as an appendix to the latest Capital Plan quarterly update report. The Plan contains previously approved allocations of funding and schemes.

In light of the significant ongoing financial challenges facing the Council the Council will prioritise capital projects that result in increased income to the Council. It is always difficult to make choices between competing priorities within a top tier Council that delivers so many varied services. To support allocation of funding a Capital Reserve list is maintained with a list of potential schemes.

An extra column has been added to show which projects could result in a direct income stream or revenue savings to the Council. Other projects in particular around transport could result in more regeneration leading to increased Business Rate income for the Council but is a more subjective judgement so not included. To support future prioritisation a “matrix” scoring criteria will be devised and applied to capital prioritisation to include factors such as legislation, health and safety, mayoral priority, income potential, risk, community support etc.

A summary of potential capital projects that are currently unfunded are as follows:

Direct Income or savings for Council	Scheme	Cost to Council £m	Notes
Mayoral Pledges			
No	Torquay Harbourside, Option 1 - Mayoral Priority Scheme	0.35	Approved By Council Sept 15 pending identification of funding
No	Brixham Railhead	tbc	Create rail link to Brixham – requires feasibility work
No	Edginswell Station	tbc	In current Capital plan, however currently a funding shortfall
No	Western Corridor – Dualling	tbc	Continued works to improve traffic flow and capacity
Children’s Services			
No	New Primary School at Edginswell	tbc	For school places from 2020.
Adult Services			
No	Learning Disability relocation	tbc	Potential relocation of clients from Hollacombe
No	New Affordable Housing schemes	tbc	Linked to Housing Strategy – schemes in excess of £1.6m currently available
Yes	Invest to save schemes to realise future savings	0.4	Linked to ICO service transformation schemes for both adults and Children’s social care
Corporate and Business Services			
Yes	Investment Fund	10.0	Fund to purchase investment properties
No	Backlog Property Assets R&M	22.0	Outstanding repairs on Council property assets – linked to Asset Management Plan
No	Emergency Infrastructure Works	tbc	Funds to action emergency works in relation to storm damage, cliff faces etc
Yes	Brixham Town Centre	tbc	Future options for car park site
No	Car Park Fencing	0.062	

No	Crown & Anchor Way	tbc	Potential purchase of land for highways and parking issues.
Yes	Claylands – Regeneration /Employment	7.5	Potential –prudential –borrowing –scheme subject to business case Scheme approved December 2015
No	Cockington Court	0.7	Backlog repairs on property leased to TDA
No	Council storage solution	tbc	Permanent solution to storage of records
No	EA Scheme - Brixham Flood Alleviation	0.060	Council contribution to Environment Agency scheme
No	EA Scheme - Broadsands Sea Wall	0.080	Council contribution to Environment Agency scheme
No	EA Scheme - Broadsands Watercourse	0.300	Council contribution to Environment Agency scheme
No	EA Scheme - Coastal Defences	0.105	Council contribution to Environment Agency scheme
No	EA Scheme - Cockington	0.105	Council contribution to Environment Agency scheme
No	EA Scheme - Collaton St Mary	0.050	Council contribution to Environment Agency scheme
No	EA Scheme - Hollicombe	0.100	Council contribution to Environment Agency scheme
No	EA Scheme - Monksbridge	0.050	Council contribution to Environment Agency scheme
No	EA Scheme - Occombe Valley	0.030	Council contribution to Environment Agency scheme
No	EA Scheme - Paignton Flood Alleviation	0.066	Council contribution to Environment Agency scheme
No	EA Scheme - River Fleet Flood Alleviation	0.050	Council contribution to Environment Agency scheme
No	Edginswell Master plan	tbc	Potential regeneration scheme
Yes	Fish Processing Plant – Regeneration	2.3	Potential regeneration scheme
No/Yes	Harbour Projects to be funded from harbour reserves	0.2	Repairs at Brixham Harbour, new workboat and spend on pontoons at Torquay harbour
No	Illumination Replacement - phase 2	0.072	Investment in festoon lighting
No	IT infrastructure Replacement	1.7	Future funding of IT infrastructure after IT reserve has been fully spent.
No	Monksbridge Road – Local Transport Board Bid	0.300	Potential Council match funding required
No	Multi Storey Car Parks R&M Backlog	3.2	
Yes	Oxen Cove - Possible development	tbc	Potential regeneration scheme
No	Paignton Town Centre – Local Transport Board	1.7	Improved transport links & infrastructure
No	Princess Gardens Fountain	0.050	
No	Princess & Haldon Piers	4.6	Structural Issues on Piers
Yes	Torquay Town Hall car park	tbc	Potential regeneration scheme
Yes	Town Centres Master plans – Torquay	tbc	Potential Council match funding and assets

			required
Yes	Town Centres Master plans – Paignton	tbc	Potential Council match funding and assets required
Community and Customer Services			
No	A385 Totnes Road – Local Transport Board	0.4	Potential Council match funding required
Yes	Backlog Transport Infrastructure R&M	11.0	Backlog repairs on transport infrastructure assets Potential invest to save case to be developed
No	Brixham Transport Hub – Local Transport Board	0.150	Potential Council match funding required
No	Clennon Valley Transport Package – Local Transport Board	1.1	Cycleway to Long Road & Dartmouth Road improvements
No	Bolton Cross	tbc	Potential future development of site
No	Princess Theatre Investment	1.0	Support potential investment in theatre improvements
Yes	Street Lighting	1.1	Prudential Borrowing to be presented to Council for expansion of LED lighting Approved by Council December 2015
No	Torre Abbey Gate House	tbc	Structural repairs required
No	Willows Sport Pitches	0.5	Potential Council match funding required
No	Helipad	tbc	Feasibility required to support business case
No	Torquay Harbourside - Option 2 & 3	4.0	Further enhancements to Torquay Harbourside area
No	TOR2 Asset Replacement	tbc	Potential costs of asset purchases (vehicle and plant) in relation to TOR2 services
No	Torre Railway Station – Local Transport Board	0.1	Potential Council match funding required
No	Torquay Harbourside and Sea Front – Local Transport Board	1.7	Improved transport links & infrastructure

2.7 Options

Members when reviewing the capital plan have a number of options to consider.

These include:

- Review current plan and reallocate funding from previously approved schemes or allocations to fund alternative schemes
- Recommend prudential borrowing to fund schemes
- Recommend alternative options to fund schemes
- Recommend bids for external funding to fund schemes
- Recommend individual projects within previously approved service allocations
- Recommend additional asset disposals to fund schemes
- Recommend priority schemes for approval should funding become available