

Asset Management & Capital Strategy 2023-24



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1. INTRODUCTION AND CONTEXT

1.1 INTRODUCTION

This document sets out East Staffordshire Borough Council's (ESBC) approach to the management of its property assets and the allocation and management of capital resources. By effective management of property assets the Council aims to have the right space, at the right time, in the right place and at the right cost to properly support its Corporate Priorities and Objectives.

Primary responsibility for the Asset Management and Capital Strategy falls to the Corporate Management Team and the Business Assurance Group (BAG) which is chaired by the Chief Executive. The Strategy is presented to the Cabinet and approved at Full Council alongside the Medium Term Financial Strategy. The Leader is the Cabinet member with responsibility for assets.

The Council's philosophy is to maintain a strong, independent, effective and ethical local government for the people, representing all people and addressing needs. The Council will continue to provide civic leadership by being innovative and by vigorously representing local needs at regional and national level. We will set the pace for change, co-operation between all the public agencies and seek to work closely with the voluntary and business communities.

This document demonstrates that the Council takes capital and investment decisions in line with both corporate and service objectives. In addition to which, despite a change in working habits due to the pandemic, buildings remain an important aspect of the operations of the Council. Many of these buildings are old and have historical significance. These premises are likely to require investment for them to be maintained and adapted to meet the needs of a modern workforce and carbon conscious Council. Therefore, a number of condition surveys will be undertaken on specific council properties to assist in the creation of a buildings management plan. Overall this will ensure that we properly take account of stewardship, value for money, prudence, sustainability and affordability.

1.2 CORPORATE FRAMEWORK

The Corporate Plan sets out the Council's vision for the organisation. It shows how we will get to where we want to go over this period and it looks back at progress. It also sets the context for the Council's service plans and individual work plans that turn this into a reality.

The Plan is a template for the Council but it is also an important tool to show staff, residents and partners where East Staffordshire is heading.

The Council has in place a wide range of environmental policies, a climate change action plan, human resource policies and rules on standards of behaviour that together add up to an extensive range of ethical policies governing the way the Council conducts its business.

This document should be read in conjunction with the Medium Term Financial Strategy and the Treasury Management Strategy.

1.2.1 Corporate Priorities

The political and managerial structures of the Council to achieve the corporate priorities are designed to facilitate delivery of key objectives to achieve these priorities. Targets underpinning the objectives are set out in the Corporate Plan. These targets are then disseminated through Chief Officers to senior managers and staff through the preparation of Service Plans and the Council's appraisal process for staff. This cascading principle similarly ensures that staff are aware of how their roles fit into the overall direction of the Council.

In addition to the Corporate Plan priorities, the Council ensures that capital resources are directed at its existing assets to ensure that these are of good condition and to achieve best use of these assets to deliver a better service.

In order to ensure both consistency and delivery of the Corporate Plan priorities the role of the Corporate Management Team is pivotal to the allocation of resources; this is expanded upon in section 3.

When considering the draft Capital Programme and assessing relative priorities, each member of the Corporate Management Team is expected to have regard to identified service priorities and corporate documents and Strategies including this Asset Management & Capital Strategy, Housing Strategy, Climate Change action plan and the Medium Term Financial Strategy.

1.3 ORGANISATIONAL FRAMEWORK

The Corporate Management Team of the Council is:

- Chief Executive – Chair of BAG
- Heads of Service

The areas of responsibility and powers of these Officers and their staff are set out in the Constitution of the Council. The Borough Solicitor/Monitoring Officer attends meetings of the Corporate Management Team.

1.4 PARTNERSHIP WORKING

The Local Strategic Partnership (LSP) work together towards the delivery of objectives set out in Community Safety Plan. The Plan- which is shaped by the annual strategic assessment- is written to cover a three year period and aims to address a range of specific and cross-cutting community safety themes. To assist delivery the partnership utilise Locality Deal Funds provided by the Commissioner's Office. These funds are subsequently divided between commissioned projects and grant funding to support community led work.

2. CORPORATE ASSET POLICY

2.1 CORPORATE PROPERTY ASSET OBJECTIVES

The Council holds property assets for the following reasons:

- To support the achievement of the **Corporate Plan Objectives and Targets**;
- To provide property from which to deliver a **service to the public** e.g. Community Parks and Leisure Centres;
- To provide property which **supports service delivery** e.g. Town Hall, ;
- The use of non-operational property to generate income from rentals to support service delivery or to aid delivery of the Corporate Plan.

The property portfolio supports delivery of the Council's Corporate Priorities in the following ways:

- Use of the Council's property holdings to meet current and future corporate/service requirements and allow flexibility of use;
- Use of property economically, efficiently, effectively;
- Provision of clean safe accommodation/premises for staff/public;
- Support social wellbeing and economic regeneration opportunities, where appropriate, this could be in partnership with others;
- Produce income/capital to support budgetary requirements, provided that supported by suitably evidence to support retention.

It is the responsibility of each Service, in conjunction with the BAG, or through its Service Plan, to identify any property or part thereof, that is under used or surplus to their individual service delivery requirements. When considering if a property should be retained the reasons for the Council holding property and how well it supports the delivery of Corporate Priorities should be considered. If disposal is the chosen course of action the **Property Disposal Policy** must be followed.

Unless there are exceptional circumstances, the Council will only acquire land or property for the following reasons:

- Its contribution towards the provision of the Council's services
- Economic development/regeneration purposes
- Strategic acquisition for redevelopment purposes

- As a result of a s106 agreement e.g. Public Open Space, rear access road

2.2 PERFORMANCE MEASURES

- Corporate Plan Targets
- Local Property Performance Indicators
- Service Plan Targets
- Departmental Performance Management

2.3 GOVERNMENT POLICY AND STATUTORY RESPONSIBILITIES

Areas that influence the Council's Asset Management and Capital Strategy include:

- Compliance with specific legislation and regulations such as Health and Safety Legislation, Control of Asbestos Regulations 2012, Civil Contingencies Act 2004, Disability Discrimination Act 2005, Regulatory Reform (Fire Safety) Order 2005, Landlord and Tenant Act 1954 and the RICS Code of measuring.
- Providing match or external funding for specific projects which enables projects to be undertaken that would otherwise be beyond the financial means of East Staffordshire Borough Council alone.
- Efficiency Programme initiatives
- Energy Performance in Buildings Directive, which derives from the Kyoto protocol on climate change.
- In June 2019, a new statutory target for net-zero greenhouse gases by 2050 was introduced to end the UK's contribution to global emissions
- The Council's climate change action plan.
- Central government publications and guidance

3. PREPARING THE CAPITAL PROGRAMME AND ALLOCATING CAPITAL RESOURCES

East Staffordshire Borough Council is a relatively small authority and, as such, has limited capital and revenue resources. It is vital that the authority ensures that it has a robust decision making process to ensure that resources are allocated in the most effective way.

In order that scarce resources are used in an efficient and effective way Capital Bid Forms are completed for all projects requiring capital investment. We have developed a scoring methodology for capital bids that ensures that capital resources are directed to those projects that score well against our Corporate Plan Priorities and other relevant issues. The bidding process is explained in detail below.

3.1 BIDDING PROCESS

The Business Assurance Group (BAG) oversees the process for assessing capital bids and preparing the capital programme. The BAG is chaired by the Chief Executive and consists of the other Chief Officers, the Corporate and Commercial Manager and the Chief Accountant.

The BAG has a role of recommending a Capital Programme to the Cabinet. Monitoring of key projects within the approved programme throughout the year is also carried out by the BAG; the role of the BAG is explained in section 4. Monitoring of the programme is also reported to Cabinet (and informally to the groups) as part of the quarterly finance reports.

Officers are asked to submit details of schemes that they would like to pursue but due to there being very limited Council funding available, only those projects attracting alternative sources of funding or are a recognized Corporate Plan priority, will to a large extent, be permitted to proceed.

The usual annual bidding process was, to a large extent, for many years until 2020/21 in light of the restricted funding being available. However more recently this has been undertaken to capture only mandatory requirements and corporate priorities, as a result it was not necessary to undertake the relevant scoring. The bidding process is described below.

The annual capital bidding process incorporates Prince 2 Project Management methodology and is outlined below:

Stage	Completed by end:
1. Potential project discussed by project manager with Cabinet Portfolio Holder and Head of Service	July
2. Background information, including relevance to Corporate Plan priorities and costings prepared by project manager	August
3. Capital Bid forms made available to officers by Financial Management	August
4. Section A of Capital Bid forms completed by project managers	September
5. Chair of the BAG and Financial Management representatives review Capital Bid Forms and harmonise officers' scorings against the Corporate Plan to ensure a consistency of approach.	October
6. Assessment of financing options made by Financial Management and revenue impact of both financing costs and running costs calculated, based on bids being approved up to an appropriate total cost for all projects. Revenue costs built into the Revenue Budget	October
7. Draft Programme for the following 3 years considered by the BAG and bids prioritised using an evaluation criterion	October

8. Revised draft programme recommended by BAG to the Budget Board/Star Chambers, including costs of financing	November
9. Draft programme presented to Leader/Deputy leaders' group/Away Evening and, following discussions, the proposed Programme is drawn up	December
10. Capital Programme approved by Council as part of the MTFs.	February

Officers are asked to consider potential projects for the forthcoming three years on an annual basis. Occasionally however additional “emergency” projects require approval during the year; in these cases the above procedures are still followed but over a shorter timescale. An outline of the issues to be considered in formulating a capital bid is given at **Appendix A**.

The BAG assesses the bids and discusses the viability and business case of each bid. The BAG will ask officers to justify and explain any bids where necessary and to talk through the business case for each bid. The BAG prioritises the bids using an evaluation criterion incorporating the scoring against the Corporate Plan and other important issues, as outlined above, and any other relevant information / priorities. Bids not scoring well will not be recommended for inclusion in the programme.

Based on the evaluation exercise and an assessment from Financial Management regarding the level of available capital resources and the costs of financing the projects, the BAG then draws up a draft programme that it recommends to the Leader / Deputy Leaders' Group for agreement. Leader and the Deputy Leaders will discuss the proposed programme and make any changes necessary based on their view of the Corporate Plan priorities and any other issues they wish to address, before this goes forward as part of the MTFs to Cabinet and full Council for formal approval.

It is evident from the above that at two stages compliance with the requirements of the Corporate Plan are considered: first of all during the harmonisation process undertaken by BAG where any items not scoring well against Corporate Plan and other priorities are not recommended for consideration by Members; and secondly by Members themselves in their approval of the programme.

3.2 OPTION APPRAISALS

The scale and nature of a project will determine the level of detail needed in the option appraisal. With less complex projects the principles of appraisal apply, but the scale of the process should be proportionate to the scale of the planned project. Detailed option appraisals are prepared for the Council's larger and/or more complex projects e.g. Uttoxeter Leisure Centre refurbishment, and more recently the replacement of the Council's Fleet.

The options appraisal forms part of the capital bidding process and is carried out once the Officer has identified the business need for the project and discussed the main objectives of it with their Head of Service and Cabinet Member. The options available for providing the solution to this business need are then examined and a cost / benefit

analysis is prepared for each option, including consideration of any relevant non-financial issues. Once completed, the results of this can be incorporated into the Capital Bid Form and the preferred option put forward.

3.3 REVENUE BUDGET IMPLICATIONS

The revenue implications for each capital bid are considered at the initial evaluation stage, covering both staffing /running costs associated with the bid and the financing costs over the lifetime of the asset created. One of the Chief Finance Officer's requirements when reviewing capital bids is to ensure that the revenue implications are realistic. The options appraisal exercise undertaken for larger projects seeks to ensure that the lifetime revenue implications of a capital project are fully considered and evaluated, are affordable and are included in the Medium Term Financial Strategy.

3.4 RISK MANAGEMENT

There are a number of key corporate risks to the Council in delivering its objectives. Corporate risks are selected on the basis that they would have significant impact on East Staffordshire Borough Council's ability to deliver critical services and might obstruct the Council's agenda of continuous improvement.

The Council manages all risks through the Corporate Risk Management Strategy and the supporting framework of internal control checklists.

As well as an effective risk management framework, the Council also has business continuity and emergency planning arrangements that are regularly reviewed and developed.

Relevant senior officers maintain detailed and robust risk registers to manage the key corporate and strategic risks as well as other operational risks identified.

The identification of the potential risks of a project is a part of the capital bidding process and officers must consider all these issues when submitting a bid. Service Plans also consider any potential risks to service delivery that may need addressing and the scoring mechanism recognises projects that have been identified through this process. The bid form also factors in the risk of the project itself into the scoring process.

3.5 CONSULTATIONS

The need, degree and timing of any consultation will be assessed on a case by case basis in conjunction with the project executive and Cabinet Member. For larger projects it will be necessary to organize relevant consultation with key stakeholders to obtain feedback on the scope and design of any proposed works.

3.6 SOURCES OF FINANCE

The bidding process ensures that consideration is given where possible to either alternative sources of funding or part funding other than the Council's limited capital resources. Current and planned capital expenditure and resources is set out within **Appendix B**.

3.6.1 External Grants and Contributions

Officers are encouraged to seek external funding for potential capital projects before submitting a bid and the Council has a very good track record of attracting alternative sources of funding. In the past, the Council has been successful in achieving and delivering on Single Regeneration Budget projects, Growth Point Funding (£5.6m) and more recently funding from the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP), including £3m towards enhancements and flood defence works at the Washlands and Towns Fund (£23.8m).

The Council receives annual funding from central government in relation to the provision of disabled facility grants. This funding is usually pass-ported through Staffordshire County Council as part of the Better Care Funding package.

3.6.2 Borrowing

From April 2004, the Prudential Code for Capital Expenditure in Local Authorities gave the Council the power to also undertake unsupported borrowing to finance its Capital Programme. The Council must ensure that any borrowing decisions it makes are prudent, affordable and sustainable.

The powers give the Council the flexibility to decide the best method of financing capital expenditure, bearing in mind the associated pressures on the revenue budget to finance the borrowing costs. An options appraisal exercise is undertaken to assess whether unsupported borrowing is viable, and to consider other alternatives, such as leasing. The Council views borrowing to finance new capital expenditure as a last resort and will always fully explore other methods of financing in the first instance and ensure that any borrowing proposals are prudent, affordable and sustainable and fully supported by a business case.

Since 2010 Prudential Borrowing has been utilised to support:

- The re-development of Meadowside Leisure Centre;
- Improvements to the Burton Market Hall;
- Provide up to £1m of capital investment for leisure improvements in partnership with Everyone Active; and to
- Replace the Council's Vehicle Fleet following an extensive options appraisal exercise.

The Medium Term Financial Strategy makes provision for additional prudential borrowing of £0.3m towards the second phase of the fleet replacement in 2024/25.

3.6.3 Capital Receipts

Capital Receipts are generated when the Council sells surplus land and buildings and these funds can be used by the Council to invest in new capital projects.

In recent years the council has generated significant capital receipts from the sale of the Town Hall Annex, Carter Square Car Park, Land at Dove Way and Land of High Street (Bargates). Future receipts are anticipated from, for example the sale land of land at Lynwood Road and Pennycroft Lane.

3.6.4 Revenue Resources

In the past, the Council has also used its revenue budget to fund capital investment. However, scope for this has been limited due to the funding reductions from central government. Nevertheless opportunities to do this from windfall sums such as business rates growth and any in-year surplus on the revenue budget have been undertaken.

3.6.5 Developers Deposits

The Council receives developers' deposits as a result of granting planning permission, where works are to be carried out or new facilities provided as a result of that permission. The sums are given for both revenue and capital purposes and must be spent in accordance with the agreement and within the timescale set out in the agreement.

Recent plans associated with the resources includes working in partnership with Trent and Dove to deliver affordable housing and the provision of play equipment to improve open spaces and the enhancement of leisure provision at Shobnall and Uttoxeter. The existing capital programme includes utilizing S106 monies to support the bringing forward of plans for the Uttoxeter Sports Hub.

3.6.6 Other sources of Capital Financing

Other sources of finance, such as private finance initiatives, are investigated as and when appropriate.

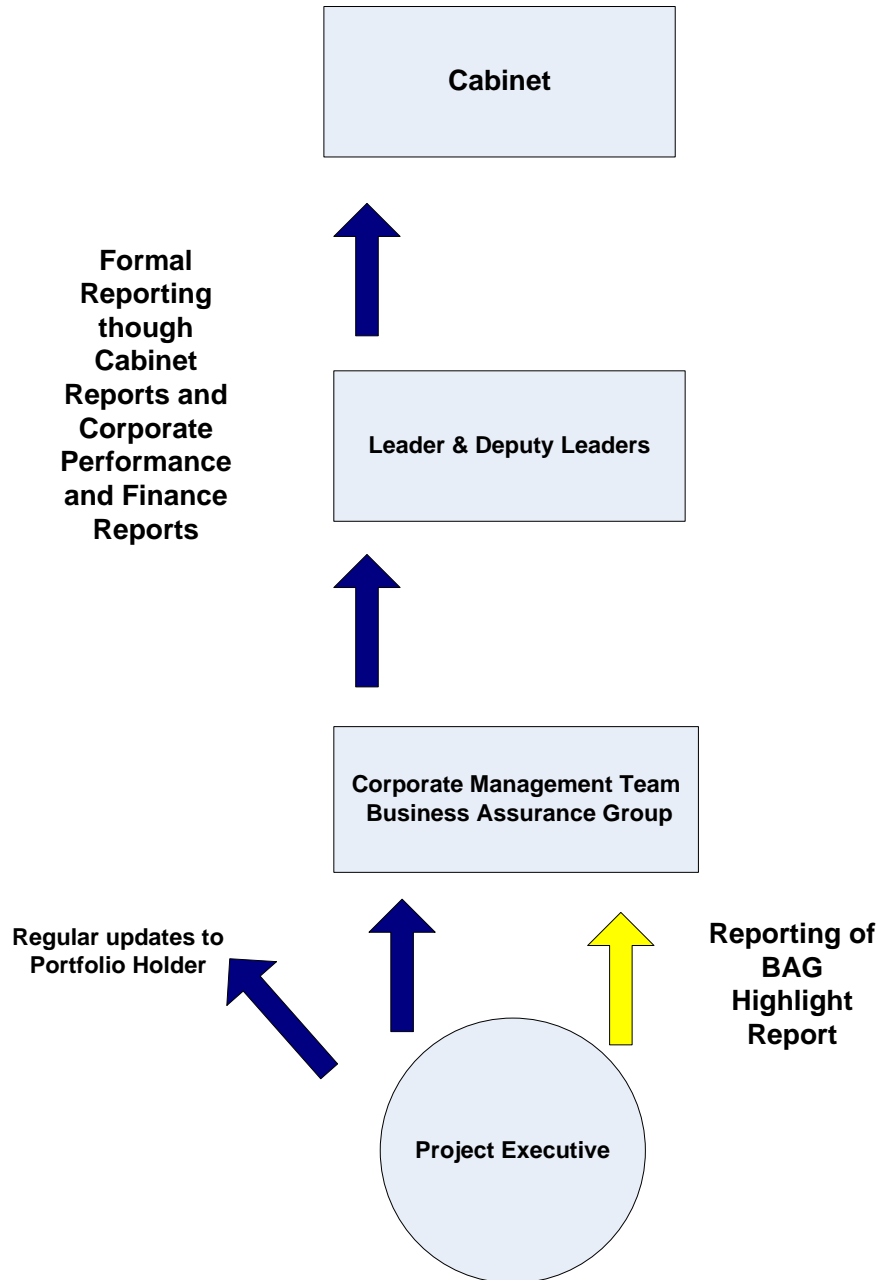
3.6.7 Capital Flexibilities

The Council has not previously nor does it currently have any plans to utilise increased freedoms to capitalise one-off revenue expenditure associated with delivering transformation in order to generate savings to the revenue budget.

4. DELIVERING THE CAPITAL PROGRAMME

4.1 PRINCE 2 PROJECT MANAGEMENT

The structure below, which fits into the PRINCE 2 profile, has been adopted:



4.2. MONITORING THE CAPITAL PROGRAMME

Each Head of Service appoints (preferably) a PRINCE 2 trained officer for each project to act as Project Manager, who ensures that reports are submitted on time.

It is the Project Manager's responsibility to ensure that updates on the progress of the project are reported to the Project Executive and ultimately the Business Assurance Group. The project manager will liaise with the Project Executive and provide a highlight report on the project. Highlight reports will be requested on a monthly basis and provide a summary on the latest progress and any issues that have arisen on the project since the last report, they will also be reviewed by the finance team.

These updates, combined with the latest financial position, target dates and risk assessments for each project and a summary of the programme overall, form the report that is then made by the Project Executive to the Business Assurance Group. A "traffic light" system is used, whereby schemes are coloured depending on their latest position as follows:

Green = to be completed on target

Amber = project delayed or overspend expected (within tolerance)

Red = fundamental problem with scheme and/or significant overspend

The Project Executive is ultimately responsible for the delivery of the project. It is their responsibility to ensure that the Cabinet Member is regularly briefed and kept up to date with all aspects of the project. Updates will be provided to the Leader/Deputy Leader Group and any significant issues will be reported to Cabinet either through the routine quarterly reporting process or separately (as appropriate).

5. MANAGEMENT OF PROPERTY ASSETS

5.1 RESPONSIBILITIES FOR MANAGEMENT OF PROPERTY ASSETS

The Leader is the cabinet member with responsibility for assets. The Chief Executive is the current designated Corporate Property Officer (CPO). The CPO is authorised to take the lead on asset management planning across all services and to ensure that property assets are regarded throughout the Council as corporate assets. The CPO's responsibilities include:

- Asset Management Strategy
- Disposals and acquisitions
- Land register, asset register and lease database
- Property Performance Indicators
- Land and property valuations

Each Service is responsible for the day-to-day maintenance of its property assets as recorded in the Asset Register, with support and assistance from the facilities team.

5.2 ACCOMMODATION AND SUPPORT SERVICES PROVISION

Facilities Management and Asset Management provide property services for the Council either in-house or through consultants, assessing the best method for provision in each instance.

In-House	Externalised	Mix
Cleaning	Quantity Surveying	Asset Management
Porterage	Architectural	Repair & Maintenance
Facilities Management	Valuation	Estate Management

5.3 GAP ANALYSIS

Despite a change in working habits due to the pandemic, buildings remain an important aspect of the operations of the Council. Many of these buildings are old and have historical significance. These premises are likely to require investment for them to be maintained and adapted to meet the needs of a modern workforce and carbon conscious Council. Therefore, a number of condition surveys being undertaken on specific council properties alongside a programme car park surveys to assist in the creation of an asset management plan, which may result in future expenditure commitments

Council Buildings	Car Parks
2022/23	
Burton Town Hall & Civic Function Suite The Cemetery Estate comprising- the main office building, the two chapels and boundary retaining wall. Bass House, Town House, Bass Water Tower.	Central Area (Coopers Square) Trinity Road, Uttoxeter
2023/24	
Millers Lane Waste Depot Burton Market Hall	Burton Place (front, rear, and rooftop) Burton Town hall Fleet Street
2024/25	
Brewhouse and Voluntary Services Centre	The Maltings, Uttoxeter Burton Library Meadowside LC Uttoxeter LC

6. COMMERCIAL ACTIVITY

6.1 BACKGROUND

A number of authorities have adopted a commercialisation agenda in order to generate additional income to support the budget. This can often result in large amounts of external borrowing in order to facilitate the investment. This is increasing coming under scrutiny from central government departments, professional bodies, auditors and the public.

In response to this, the then Ministry of Housing, Communities and Local Government (MHCLG) and the Chartered Institute of Public Finance and Accountancy have issued revised guidance. Statutory provisions require local authorities to “have regard” to such guidance.

The guidance comments as follows:

“Some local authorities are investing in non-financial assets, with the primary aim of generating profit. Others are entering into very long term investments or providing loans to local enterprises or third sector entities as part of regeneration or economic growth projects that are in line with their wider role for regeneration and place making.”

The main concerns that the guidance is aimed to address are as follows:

- Local authorities are exposing themselves to too much financial risk through borrowing and investment decisions;
- There is not enough transparency to understand the exposure that local authorities have as a result of borrowing and investment decisions; and
- Members do not always have sufficient expertise to understand the complex transactions that they have ultimate responsibility for approving.

Following consultation the Treasury Department announced in November 2020 stricter requirements for accessing Public Works Loan Board borrowing facilities, which is the primary source of borrowing for local authorities. PWLB will no longer lend to local authorities that plan to buy commercial assets primarily for yield (this includes any plans to buy such assets from existing resources).

The CIPFA Code of Practice was updated in 2021 and now states at paragraph 51 the following in this regard:

The Prudential Code determines that certain acts or practices are not prudent activity for a Local Authority and incur risk to the affordability of Local Authority investment:

- An authority must not borrow to invest primarily for financial return;
- It is not prudent for Local Authorities to make any investment or spending decision that will increase the CFR, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose.

6.2 THE COUNCIL'S COMMERCIAL ACTIVITY

The Council does not currently have any commercial activities that have been funded from borrowing. We hold a number of investment properties as part of our asset base which generate a rental return. These properties were originally acquired as part of a regeneration strategy and externally funded. However the primary purpose of continuing to hold these properties is for income generation to support the budget.

Rental incomes are subject to periodic review in line with the terms of agreement and subject to external professional advice. The Council's fees and charges policy requires that a review is undertaken on a periodic basis (at least once every administration) to evaluate the cost/benefit of retaining ownership of these assets. The Council will occasionally receive an offer to purchase these assets at which point an investment appraisal is undertaken in order to provide robust financial advice on the offer.

The Council approach to commercial investment is as follows:

- The Council will not make such investments purely to generate income. Each investment will also benefit the Council's service objectives (most probably economic regeneration) and any investment income will be secondary. It will, however, invest to improve the performance of the existing corporate asset base.
- The council will not ordinarily make investments outside of the area. However an exception might be where an investment meets a service need (for example a collaborative investment with other local authorities).

The Council recognises that any activity should be prudent, affordable and sustainable for the long term and also proportionate to the size and expenditure base of the authority. This means that it should be supported by a robust business case that has been fully evaluated, including external professional advice (where relevant), lifetime cost implications and risks that have been fully identified, assessed and transparently disclosed.

7. BORROWING

7.1 BORROWING OVERVIEW

The Council's borrowing levels and limits are contained within the Treasury Management Strategy, including the prudential indicators.

The Council has adopted the strategy of utilising windfall monies from New Homes Bonus, Business Rates and Capital Receipts in order to reduce its existing underlying need to borrow. This has generated significant risk free revenue budget savings. It also means that some of the current external debt may not need to be replaced when it matures.

As set out above, the current capital programme includes the replacement of its fleet during the course of 2021 and 2022 primarily funded by internal borrowing over a six year period. As indicated above, the Council has identified a number of Capital Receipts due from land sales that are agreed which are allocated to reduce our underlying need to borrow and deliver long term savings to the revenue budget.

8. RISK MANAGEMENT

8.1 RISK APPETITE

In general terms the Council's risk appetite is to base decisions on a case by case basis which are supported by a robust business case that has been subject to full due diligence taking into account the appropriate professional and/or specialist advice. Any decisions will be individually and collectively proportionate to the size/expenditure base of the authority and take into account both existing and potential new risks, as well as existing strategies and policies.

The Council will have regard to the guidance issued by Government and CIPFA in relation to all its investment decisions.

8.2 RISK ANALYSIS

As set out at 3.4 above, as part of its wider governance arrangements the council manages all risks through the Corporate Risk Management Strategy and the supporting framework of internal control checklists. Relevant senior officers maintain detailed and robust risk registers to manage the key corporate and strategic risks as well as other operational and project specific risks identified.

As set out within the over-arching Medium Term Financial Strategy, subject to the risks identified, it is the Chief Financial Officers view that the proposals within the capital strategy are prudent, affordable and sustainable.

Specific key risks/mitigation identified associated with this Capital Strategy are as follows:

- **The Business Case**
This strategy sets out a robust process for bidding and evaluating capital proposals before they are considered for approval and built into the budget.
- **Time/Cost Targets**
The strategy outlines the robust process for ensuring projects are effectively monitored and controlled including the identification of key roles and regular monitoring and reporting to ensure that the Council delivers against its objectives.
- **Economic Downturn**
The extent of the council's property investment portfolio is limited to such an extent that any downturn, whilst potentially impacting on the MTFs, would be manageable. For example a 10% reduction in rental income equates to approx. £62k or 0.5% of the total net budget. Despite recent economic pressures, generally rental income streams have been resilient during this challenging period. A further risk relates to capital inflation costs in the current climate, which could potentially impact on the affordability of projects, although additional resources have been allocated to mitigate this risk.
- **Capital Resources**
The proposed capital programme is funded from a combination of existing resources, external funding and borrowing in respect of the second phase of the fleet replacement. The MTFs does commit future capital receipts towards debt repayment and should these receipts not materialise this would create a shortfall/pressure on the revenue budget.
- **Revenue Budget**
Implications on the revenue budget associated with the capital programme have been built into this budget to the extent to which they can be currently ascertained. There are potential cost pressure risks associated with the regeneration investment to the revenue budget once the assets become operational, subject to the chosen operational delivery model.
- **Asset Maintenance/unexpected cost implications**
There is a rolling programme of condition surveys to identify key improvement requirements associated with our asset base.
- **External Funding**
There is a risk that the Council fails to secure external funding that might otherwise have been available or secures funding but does not meet the necessary conditions to draw down the funding or the funding is subject to clawback. The capital bidding process places emphasis on officers to consider all avenues of external funding before requesting funding directly from the Council. The Council has an effective track record of securing

external funding for projects and the robust project management procedures in place ensure that any conditions attached to funding are both reasonable and deliverable.

Main Sections of Capital Bid Project Brief Form

Section A – completed for Bid submission

i. Project Name, Description and Objectives

A brief summary of the project and its objectives i.e. what is to be achieved by the project.

ii. Justification and Reasons for the Project

Setting out the reasons why the project is necessary and how it helps meet Corporate and Service Objectives and addresses items in the Deputy Leader's annual report. The various options that have been considered and the recommended option are also set out.

iii. Scoring against the Corporate Plan Priorities and Other Issues

To ensure that projects are appraised on a consistent and objective basis and are aligned to Corporate Plan priorities. Other important issues that are not specifically mentioned in the Corporate Plan are also taken into account e.g. Health and Safety and Risk Management issues. Weightings are applied to the scores with Corporate Plan priorities and statutory requirements carrying the most weight.

iv. Cost and Funding Profile

Estimates of the costs of the project and timing of these costs and the funding sources investigated and identified

v. Additional Revenue Budget impact of the Project

Lifetime revenue costs for the project

vi. Consultation

That has taken place with community groups etc.

Section B – completed for successful Bids

vii. Project Outcomes and Scope

The expected and required deliverable/products/outcomes that the proposed project must create or acquire and the major areas, functions and processes to be addressed during the project, that is, what is "in" and what is "out".

viii. Outline Project Plan

The main stages of the project are set out together with target dates for their completion.

- ix. Project Constraints, Assumptions and Risks**
Restrictions and expectations on time, resources, funding and/or the eventual outcome and the key risks facing the project.
- x Outline Business Benefits/Business Case**
A brief summary of the business benefits that are expected to stem from the project.
- xi Spend Profile**
Giving expected spend figures for the four quarters of each financial year.
- xii Planning Permission and Building Regulations Approval**
Confirming whether or not planning permission is required and has been granted and whether Building Regulations approval has been granted. If either has not been granted the timescale for making the submission must be stated.

East Staffordshire Borough Council's Capital Programme

Capital Programme 2022/23

The current approved budget for capital spending for 2022/2023 onwards amounts to £8.1m, with projects shown in the following table.

Project	£'000	
Disabled Facility Grants (estimated funding)	3,096,941	38.0%
Washlands	2,825,502	34.7%
Fleet Replacement	523,450	6.4%
Cemetery Expansion / Improvements	285,970	3.5%
Tutbury Road Grant scheme (S106)	250,000	3.1%
Community and Business Grant Schemes	224,342	2.8%
Other Projects (Under £60k)	219,611	2.7%
CCTV Infrastructure Upgrade	205,000	2.5%
Brewhouse Roof	200,000	2.5%
Yoeman Industrial Units	120,000	1.5%
Electric Charging Infrastructure	114,000	1.4%
Branston Water Park Toilets	75,000	0.9%
	8,139,816	100%

It should be noted that some of these projects are taking place over several years. As a consequence the balance of funding will be carried forward at 31st March 2023 to 2023/24.

The sources of finance for the capital programme are shown in the table below:

Source	£'000
Usable Capital Receipts	567
Capital Reserves / Revenue	2,808
Prudential Borrowing	352
Section 106 Funding	250
External Grants	4,163
Total	8,140

In addition to this programme, the Council has committed to repaying £1.9m of debt from future capital receipts associated with planned land sales. This strategy will generate savings to the revenue budget, by reducing the cost of borrowing.

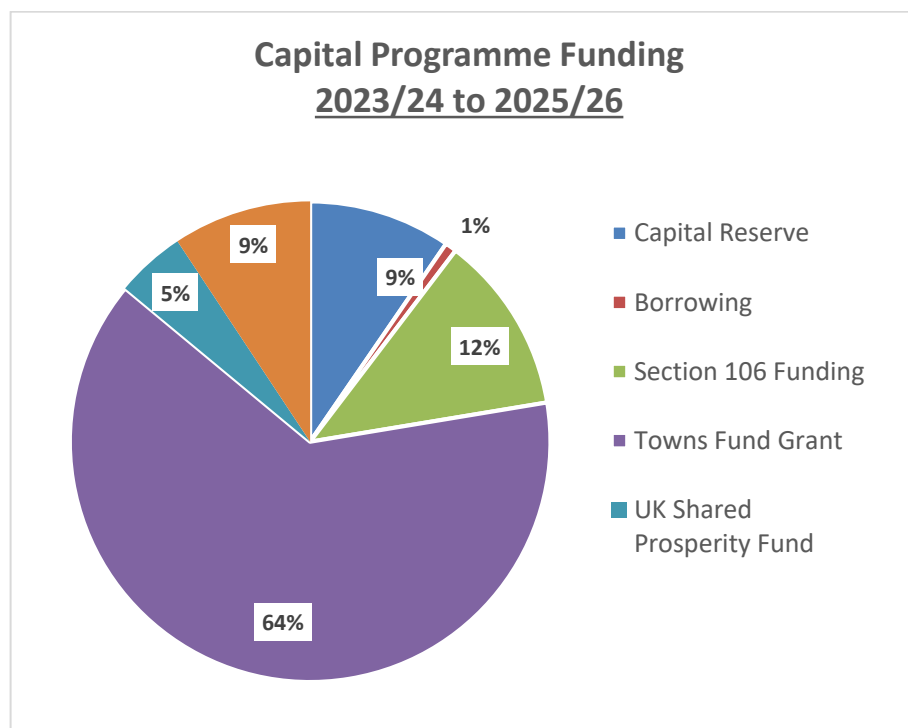
Capital Programme 2023/24 and beyond

The indicative capital programme in 2023/24 to 2025/26 is estimated to be £37.2m with projects shown in the following table. This does include some allocations of Towns Fund and UKSPF monies that may potentially be spent in 2022/23. More detail set out within Appendix B of the Medium Term Financial Strategy.

Project	£'000	
Disabled Facility Grants (estimated funding)	3,480	9.3%
Support for the Uttoxeter Sports Hub	1,710	4.6%
Regeneration - Uttoxeter Master Plan	1,800	4.8%
Regeneration - Towns Fund	27,800	74.3%
Regeneration - UKSPF	1,750	4.7%
Regeneration - Bass House	244	0.7%
Community Regeneration Fund	100	0.3%
Other Projects	519	1.4%
	37,403	100%

In addition to this, a number of the projects shown within the capital programme for 2022/23 are taking place over a number of years. As a consequence, the balance of funding will be rolled forward at the end of March 2023 into 2023/24.

The sources of finance for the capital programme are shown in the graph below:



The Council adopted the **Uttoxeter Masterplan** in December 2020 which provides a long term coherent vision for Uttoxeter as a town. The Masterplan considered what combination of improvements and changes need to be undertaken to create the right conditions for growth, providing more, and/or better, employment opportunities, along with the necessary infrastructure to support that growth. Members and officers are keen to explore options and/or opportunities to deliver the plan and will be working towards developing more detailed proposals (in conjunction with partners, as appropriate). The Capital Programme includes provisional sums of £1.8m in 2023/24 and £1m from UK Shared Prosperity Funding in 2024/25 towards these plans. However, any proposals will be subject to detailed business cases being brought forward and approved at the appropriate time.

Further Information

Alternative formats of this publication are available on request.
Please contact us to discuss an appropriate format.

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