

CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Thursday 12 th July 2018
Report Subject	Revenue consequences of major capital programme investments
Cabinet Member	Leader of the Council and Cabinet Member for Finance
Report Author	Corporate Finance Manager
Type of Report	Operational

EXECUTIVE SUMMARY

When considering the Capital Programme 2018/19 – 2020/21 at a special meeting of this Committee on 15 February a request was made for a report on the future revenue consequences of the proposed schemes.

A presentation was made to this Committee in May covering two major capital investment schemes and it was agreed to extend this to all of the major capital investment schemes included in the programme. The presentation detailed the direct and indirect impacts of the schemes and proposed that the model could be used to assess future potential capital schemes.

There will be an updated presentation at the meeting covering all major new capital schemes and the slides are attached as Appendix 1.

RECOMMENDATIONS

1	That Committee note and comment on the report.
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REPORT DETAILS

1.00 BACKGROUND

1.01	When considering the Capital Programme 2018/19 – 2020/21 at a special meeting of this Committee on 15 February a request was made for a report on the future revenue consequences of the proposed schemes.
1.02	A presentation was made to this Committee in May covering two major capital investment schemes and it was agreed to extend this to all of the major capital investment schemes included in the programme. The presentation detailed the direct and indirect impacts of the schemes and proposed that the model could be used to assess future potential capital schemes.
1.03	<p>There will be an updated presentation at the meeting covering all major new capital schemes and the slides are attached as Appendix 1.</p> <p>The schemes now included are:</p> <ul style="list-style-type: none"> - Marleyfield Residential Home in Buckley – estimated capital cost of £2.382m during 2019/20 and 2020/21 (included in the presentation in May) - Glanrafon Day Care Centre, Queensferry – estimated capital cost of £3.680m during 2018-19 (included in the presentation in May) - Theatre Clwyd redevelopment – estimated capital cost of £1.330m split between 2018/19, 2019/20 and 20120/21 - North Wales Residual Waste Treatment Plant – estimated capital costs of £0.500m in 2018/19. - Relocation of offices to Ewloe – estimated capital cost of £1.900m in 2019/20 <p><i>Schools Investment Programme:</i></p> <ul style="list-style-type: none"> - Castell Alun School – estimated capital cost of £4.807m in 2018/19 2019/20 and 2020/21 - Glen Aber School – estimated capital cost of £0.924m in 2018/19 and 2019/20 - 21st Century Schools (Ysgol Pennyfford and Connah’s Quay High School) – estimated capital spend of £14.459m in 2018/19 and 2019/20.

2.00	RESOURCE IMPLICATIONS
2.01	The report details the resource implications of the revenue consequences of new capital schemes.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required.

4.00	RISK MANAGEMENT
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4.01	There is a risk that decisions regarding the approval of capital expenditure will be taken without a full understanding of the impact of those decisions on the revenue budget.
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5.00	APPENDICES
5.01	Appendix 1 – Presentation

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Report to Council in February 2108 seeking approval for the Capital Programme.</p> <p>Contact Officer: Paul Vaughan, Interim Finance Manager Technical Accounting Telephone: 01352 702219 E-mail: paul.vaughan@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Capital Expenditure - Expenditure on the acquisition of Non-current Assets or expenditure that extends the life or value of an existing asset.</p> <p>Capital Programme - The Council's financial plan covering capital schemes and expenditure proposals for the current year and a number of future years. It also includes estimates of the capital resources available to finance the programme.</p> <p>Capital Scheme - An individual capital project which is monitored and managed in isolation. The aggregate of all schemes comprises the Capital Programme.</p> <p>Non-current Assets (formerly known as Fixed Assets)- Tangible items which have a value to the Council over more than one year.</p> <p>Revenue Expenditure – Expenditure on the running costs of services which does not create or enhance assets.</p>