

NORTH LINCOLNSHIRE COUNCIL

PROSPERITY CABINET MEMBER

CAPITAL INVESTMENT 2020-2022

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To update the Cabinet Member on the outcomes of the recent appraisal of proposed schemes requiring capital investment.
- 1.2 To make recommendations and seek approval regarding capital investment in the financial years 2020-22.

2. BACKGROUND INFORMATION

- 2.1 The Council approved a Capital Investment Strategy in February 2019.
- 2.2 The investment strategy establishes clear principles that should be considered when making investment decisions.
 - Invest In Outcomes
 - Invest For Return
 - Invest To Save
- 2.3 The Local Government Act 2003 gives local authorities the freedom to determine their own level of borrowing for long term investment. This freedom is supported by a set of key indicators that are required to be taken into account when determining borrowing levels. These provide a measure of how much capital investment the Council can afford to undertake and sustain over a longer term period. The NLC strategy also agreed some local indicators to help determine appropriate capital investment limits and the degree of risk that is associated with these investment levels.
- 2.4 Using these indicators it was agreed through the policy that a maximum of £37m of additional internal investment could be made over the 2019 to 2022 financial years.

2.5 Since setting this upper investment limit a further £18.8m of internal investment has been approved, leaving a maximum further investment of £18.2m over the 2019 to 2022 period. After taking account of external funding offset (rural broadband & flood alleviation) this maximum further investment value rises to £19.1m.

2.6 Business cases for additional investment have now been completed, using the five case model recommended by HM Treasury, to evidence the need and options available as well as outlining how the proposed investment aligns to the agreed principles described at 2.2 above. These business cases have now been reviewed using our agreed appraisal framework. This report includes the recommended outcome for cabinet member approval of projects to include in the programme.

3. OPTIONS FOR CONSIDERATION

3.1 The options considered here are:

- Option 1 - Investing in the proposals as per the outcomes of the business case appraisal and prioritisation process set out in Appendix 1.
- Option 2 - Investing differently to option one whilst keeping within the agreed framework for capital investment.

4. ANALYSIS OF OPTIONS

4.1 Option One

The value of all proposals recommended for approval at this time is £18m. Details of the proposed schemes/projects requiring capital investment are given at Appendix 1 and include community grants, schools, fleet asset management, operational building improvement, commercial investment, flood alleviation works and Community Hubs.

All the recommended investment projects have demonstrated through individual business cases that they align with the Councils priorities and add value to intended outcomes. The total investment proposed here is within the maximum internal capital investment recommended through the Capital Investment Strategy.

4.2 Option Two

Investment proposals included in option one have been prioritised as critical to the ongoing successful delivery of Council priorities after considering all realistic options. Proposing different investment may not be beneficial to the successful delivery of agreed priorities and outcomes.

5. **FINANCIAL AND OTHER RESOURCE IMPLICATIONS (e.g. LEGAL, HR, PROPERTY, IT, COMMUNICATIONS etc)**

5.1 The financial implications and options are discussed in the body of the report. Total investment proposed here equates to £17.662m, £451k of which is externally funded, which is affordable within the overall funding approved by Council in February 2019.

6. **OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)**

6.1 These are considered in individual scheme business cases.

7. **OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

7.1 These are considered in individual scheme business cases.

8. **OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

8.1 All areas of the Council were invited to bid for capital investment to facilitate the Councils operational needs and transformation ambitions.

8.2 Consultation in relation to individual proposed investments are detailed within the individual business cases that support the bids. The extent and outcomes of consultation are considered and reflected in the initial appraisal of the proposal. The recommendations made here reflect the outcomes of consultation with the Capital Programme Development Group.

8.3 There are no known conflicts of interest to highlight.

9. **RECOMMENDATIONS**

9.1 Investment is approved in the schemes/projects detailed in Option 1 (Appendix 1) are approved to proceed.

9.2 That further profiling of the project budgets is delegated to the Director Governance and Partnerships.

Report of the Directors of Governance & Partnerships and Operations

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Background Papers used in the preparation of this report – Capital Investment Business Cases, Capital Investment Appraisal Framework, Capital Investment Strategy.

Capital Investment Bids - Recommended Schemes

	Investment Value
Capital Scheme	2019/2022 (£)
Community Capital Grants	500,000
Schools Investment Programme	2,000,000
Fleet Asset Management Programme	7,353,000
Goxhill Flood Alleviation	676,000
Property Trading Account Developments	400,000
Community Building Investment - Community Hubs	5,025,000
Communities Buildings Investment - Operational Infrastructure	1,708,000
Total Capital Investment Proposed	17,662,000