



Report to: Cabinet

Subject: Capital Programme 2006/07

Date: 16 February 2006

Author: Head of Finance on behalf of Leader/Deputy Leader of the Council

1. PURPOSE OF REPORT

- 1.1 This report summarises the Council's capital programme for 2006/2007 and future years in the light of the Council's priorities and resources available.
- 1.2 Under the Council's constitution, the Cabinet makes its final budget proposals after consideration of the comments made by the Scrutiny Committees in respect of the draft budget. The draft capital programme was presented to the respective Scrutiny Committees on 23, 24 and 26 January 2006 and no comments were made. The capital programme determined by Cabinet at this meeting will be referred to the Council Budget meeting on 1 March 2006 for final approval.
- 1.3 The detailed capital programme proposals are shown in Appendix 1 to this report.

2. BACKGROUND

- 2.1 The new prudential framework for Local Authority Capital Investment was introduced through the Local Government Finance Act 2003. This came into force on 1 January 2004.

2.2 This prudential framework sets the following key objectives:-

- That the capital investment plans of local authorities are affordable, prudent and sustainable. Affordability has regard to the implications of capital expenditure for Council Tax and Housing Rents, whilst prudence and sustainability have regard to the implications for external borrowing.
- That Treasury management decisions are taken in accordance with good professional practice.
- That local strategic planning asset management and proper option appraisal are supported.

2.3. The main change that the 2003 Act has brought about is the removal of credit approvals and the ability to enter into prudential borrowing to finance the authority's capital programme

2.4. The capital programme, therefore, must be financed from the following sources:-

- i) Major Repairs Allowance (MRA) for Housing Stock
- ii) Usable capital receipts
- iii) Capital grants and contributions
- iv) Direct revenue financing
- v) Borrowing

3. GOVERNMENT DETERMINATIONS FOR 2006/2007

3.1 Housing Major Repairs Allowance

In 2006/07 this Council will receive a Major Repairs Allowance (MRA) of £1,981,200. The MRA will be included within the Housing Revenue Account (HRA) subsidy payments made by Government. Since the resources are intended to fund Capital expenditure however, the Council is required to transfer this amount to a Major Repairs Reserve which is then available to finance the Council's Capital Programme. There is not a requirement to spend all of the MRA in the year in which it is given. It can be held in the Reserve for use in future years. In 2006/2007, it is estimated that the full MRA of £1,981,200 will be used to finance capital (HRA) expenditure.

4. PRUDENTIAL BORROWING

- 4.1. On 8 February 2006 Council was requested to approve a report on the Prudential Indicators for Gedling Borough Council for the financial years 2006/2007 – 2008/2009.
- 4.2. These prudential indicators in conjunction with the calculations within the Medium Term Plan show that borrowing is prudent, affordable and sustainable in the current and medium term for the both the General Fund and the HRA.
- 4.3. It is, therefore, proposed that Prudential Borrowing of £1,000,000 per year for 2006/07 and 2007/08 is undertaken in the achievement of the Decent Homes Standard, based on current medium term projections. For information, £1,000,000 of borrowing has been undertaken to finance to 2005/06 programme as planned.
 - 4.4.1 The proposed General Fund Capital Programme will require that borrowing be undertaken to balance the financing of the programme in the absence of the generation of capital receipts
 - 4.4.2 Included in the proposed 2006/07 programme are the schemes approved for deferral by Personnel and Resources Committee in September 2005 due to capital receipts generation being below levels anticipated as a result of a declining housing market. As there has been no upturn in the level of capital receipts generation these schemes will now be financed by borrowing.
 - 4.4.3 The overall level of affordable borrowing included to finance the proposed General Fund programme for 2006/07 is £2.5m. Further affordable borrowing of £3.5m 2007/08 and £2.2m 2008/09 is anticipated for the future programme.

5. OTHER RESOURCES

5.1 Capital Receipts

Where the Council sells General Fund assets it is permitted to use this income to fund capital expenditure. Under normal circumstances a proportion (75% or 50%) of the proceeds from the sale of Housing Revenue Account assets has to be paid over to the Government through the Office of the Deputy Prime Minister (ODPM) for the pooling of receipts. However, as a result of being free of external debt at 31 March 2004, the Council is currently benefiting from transitional arrangements in which, over a 3 year period, a reducing proportion of the HRA capital receipts can be retained on the basis that they are

invested in Housing. These additional receipts are estimated to be £2.2m in total and have been identified as financing in the Housing Revenue Account and Housing General Fund Programmes over 2004/05 to 2006/07.

Other usable capital receipts that are expected to be generated in 2006/2007 are £172,000 General Fund and £346,000 Housing Revenue Account. The receipts arise from various Land Sales as well as Houses sold under Right to Buy legislation.

5.2. Capital Grants and Contributions

External funds such as Disabled Facilities Grant and contributions from other authorities continue to be important in the funding of capital expenditure and schemes partly financed in this way are included in the programme. Grants and contributions totalling £615,700 are included for 2006/2007. Expenditure in the capital programme has been grossed up, and the contributions are shown in the table below as adding to the resources available to finance the programme.

5.3. Resources Available

An estimate of resources for the current year and the next three years is given below.

	2006/07	2007/08	2008/09
	£000	£000	£000
Use of Major Repairs Allowance	1,981	2,042	2,091
Use of Capital Receipts	736	341	315
Revenue Contribution	219	165	150
Capital Grants and Contributions	616	498	450
CASH RESOURCE AVAILABLE	3,552	3,046	3,006
BORROWING	3,519	4,511	2,244
TOTAL FINANCING AVAILABLE	7,071	7,557	5,250

6. PROPOSED CAPITAL PROGRAMME 2006/07

6.1 The following table summarises the proposed Capital Programme for 2006/07. The full programme of schemes is presented in Appendix 1.

<u>CAPITAL PROGRAMME</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Leader	268	31	27
Agenda 21, Crime and Community Development	0	0	0
E-Government, Members and Property Services	98	318	80
Development and Econ Regeneration	0	0	0
Direct Services	900	1,502	597
Leisure Services	1,793	110	0
Finance	57	57	57
Future Equipment Replacement	0	150	150
Future Service Development Bids	0	1,500	1,400
Total Other Services	3,116	3,668	2,311
Housing Investment Programme	3,955	3,890	2,939
Total Capital Programme	7,071	7,557	5,250

6.2 The programme includes replacement equipment and vehicles which are required to ensure continuation of existing services provision, schemes deferred by Personnel and Resources Committee as described in paragraph 4.4.2 above, Resource Developments Bids from 2004/05 and 2005/06 which have continuing impact into 2006/07 and Resource Development Bids for 2006/07.

6.3 On 12 January 2006, Cabinet approved the list of 2006/07 Resource Development Bids, detailed in the table below, for referral to Scrutiny Committees. These represent those schemes scoring 25 points or more using the Council's approved methodology, plus two additional capital schemes as detailed, and they are considered to be affordable given the financial settlement and the Medium Term Financial Strategy. The approved methodology ranks schemes in accordance with the level of contribution made towards the achievement of the Council's Priorities and Improvement Plans. Scrutiny Committees made no comment on the proposed list and these have now been included in the programme summarised above and at Appendix 1. For completeness the full set of Resource Development Bids are shown at Appendix 2

General Fund Capital Resource Development Bid 2006/07 (25 points and above)

DEPARTMENT	Ref	2006/07 Net Capital Bid	2007/08 Net Capital Bid	2008/09 Net Capital Bid	TOTAL SMT SCORE
<u>SCHEMES 25 POINTS AND ABOVE</u>					
<u>Cross Cutting All Priorities</u>					
Gedling Move-on	HC1	80,000			42.00
Green Flag Park Award/Park Ranger/Park Dev Officer	LC12/LR8/9	30,000			29.00
		110,000	0	0	
<u>Community Safety</u>					
Safety Surface Renewal	DC6	30,000			37.25
Redhill LC - Replacement of All Weather Pitch Fencing	LC23	25,000			36.00
		55,000	0	0	
<u>Young People</u>					
Gedling Comp - Multi-Games Provision	LC10	1,500	100,000		32.50
Renew Play Equipment	DC7	24,000			32.25
A614 Pitches Construction (in relation to Arnold Town Football Club Relocation)	LC1	50,000			27.00
Bestwood Country Park Football Pitches - Drain & Level	LC6	85,000			25.00
		160,500	100,000	0	
<u>Physical Environment</u>					
D.D.A. Works to Car Parks	DC5	20,000			54.50
Replace/Refurbish LitterBins/Dog Bins	DC11	10,000			29.25
Maint of Walls, Parks and Open Spaces	DC8	10,000			29.25
Environmental Improvement eg Cycleways/Conservation Areas	P&EC1	50,000			25.00
		90,000	0	0	
<u>Business Case</u>					
C Forum -Increase Fitness Suite Capacity/Changing Room	LC18/19	281,200			39.75
Arnold LC - Pool Tiling/Pool Plant/Air Handling Units Replacement	LC25	148,200			39.50
Calverton - New entrance, reception etc.	LC16/17	70,000			32.00
CAPS Development - Local Dev Framework Module	P&EC3	12,000			27.75
		511,400	0	0	
Total Schemes 25 Points and Above		926,900	100,000	0	
<u>Additional Items Added</u>					
Digby Avenue – Move Ball Court	LC9	45,000			7.0
Re-site Edison Way – Ball Court	LC8	50,000			7.0
Total Schemes added to programme		1,021,900	100,000	0	

7. CAPITAL PROGRAMME 2005/2006

The capital programme for 2005/2006 is reviewed on a quarterly basis by Cabinet. The Quarterly Budget and Performance Plan Digest for December 2005/06 is included in an item elsewhere on this agenda and any schemes recommended for slippage into 2006/07 and approved by Personnel and Resources Committee will be incorporated into the 2006/07 capital programme.

8. RECOMMENDATIONS

Cabinet are asked to recommend to Council on 1 March 2006 that:-

- i) the capital determinations in respect of financing available for 2006/2007 be noted.
- ii) the likely resources available for 2007/08 and 2008/09 be noted.
- iii) the capital programme for 2006/07 at Appendix 1 be approved.
- iv) the Housing Investment Programme for 2006/2007 at Appendix 1 be approved.

CAPITAL PROGRAMME 2006/07-2008/09

SCHEME DESCRIPTION	Ref	Capital Budget Requirement		
		2006/07	2007/08	2008/09
		£	£	£
GENERAL FUND PROGRAMME				
<u>LEADER</u>				
DDA Compliance Works	Cont 05/06	35,000	31,000	27,000
Telephone Switchboard	Slip 05/06	107,000	0	0
Replace Plan Printer	RepEquip	12,000	0	0
Replace Council Chamber Sound System	RepEquip	52,000	0	0
Environmental Improvement eg Cycleways/Conservation Areas	P&EC1	50,000	0	0
CAPS Development - Local Dev Framework Module	P&EC1	12,000	0	0
Total Leader		268,000	31,000	27,000
<u>AGENDA 21, CRIME & COMM DEV.</u>				
No Schemes		0	0	0
<u>E GOVT, MEMBERS & PROPERTY</u>				
Customer Relationships Management System	Slip 05/06	0	220,000	80,000
Electronic Records Document Management	Cont 05/06	97,500	97,500	0
Total Egovt, Members & Property		97,500	317,500	80,000
<u>DEVELOPMENT & ECON REGEN</u>				
No Schemes		0	0	0
<u>DIRECT SERVICES</u>				
Car Park Charging	Cont 05/06	35,000	0	0
Kerbside Collection Boxes	Cont 04/05	22,500	0	0
Second Wheeled Bin	Cont 04/05	172,700	0	0
Garden Waste Scheme	Cont 05/06	25,000	25,000	10,000
Safety Surface Renewal	DC6	30,000	0	0
Renew Play Equipment	DC7	24,000	0	0
D.D.A. Works to Car Parks	DC5	20,000	0	0
Replace/Refurbish LitterBins/Dog Bins	DC11	10,000	0	0
Maint of Walls, Parks and Open Spaces	DC8	10,000	0	0
Sub-total Direct Services		349,200	25,000	10,000
<u>Replacement Vehicles</u>				
Ground Maintenance:				
Replace Tower Wagon	Rep Veh	30,000		
Replace Tipper Lorry	Rep Veh	18,000		
Replace Dropside Lorry	Rep Veh	20,000		
Replace Small Pick up	Rep Veh	14,000		
Replace Large Tipper	Rep Veh	20,000		
Replace Cemetery Dumper Truck	Rep Veh	10,000		
General Equipment	Rep Veh	10,000		
			1,477,000	587,000

SCHEME DESCRIPTION	Ref	Capital Budget Requirement		
		2006/07	2007/08	2008/09
		£	£	£
Cleansing:				
Replace Footpath Sweeper	Rep Veh	50,000		
Replace Link Tip - Dog Bin	Rep Veh	35,000		
Replace Supervisors Van	Rep Veh	12,000		
Refuse & Recycling:				
Purchase out 2 leased Freighters	Rep Veh	50,000		
Replace Bulky/Garden Waste Freighter	Rep Veh	110,000		
Bin/Vehicle Weighing Equipment	Rep Veh	75,000		
Replace Cans/Glass Lorry - purchase & modify	Rep Veh	85,000		
Other Fleet Vehicles:				
Replace Leisure Services Van	Rep Veh	12,000		
Sub total Replacement Vehicles		551,000	1,477,000	587,000
Total Direct Services		900,200	1,502,000	597,000
<u>LEISURE SERVICES</u>				
<u>Community Facilities</u>				
Honeywood Gardens	Slip 05/06	445,500	0	0
Gedling Comprehensive - Multi Games Provision	LC10	1,500	100,000	0
<u>Landscape</u>				
Reinstatement of King George V, Arnold	Slip 05/06	102,900	0	0
Rutland Rd/Turpin Rd play Area	Slip 05/06	55,000	0	0
Netherfield Lagoons Fences and Paths	Cont 05/06	10,000	10,000	0
Green Flag Park Award/Park Ranger/Park Dev Officer	LC12/ LR8/9	30,000	0	0
A614 Pitches Construction (in relation to Arnold Town Football Club Relocation)	LC1	50,000	0	0
Bestwood Country Park Football Pitches - Drain & Level	LC6	85,000	0	0
Digby Avenue - Move Ball Court	LC9	45,000	0	0
Edison Way - Move Ball Court	LC8	50,000	0	0
<u>Carlton Forum</u>				
Increase Fitness Suite Capacity/Changing Room	LC18/19	281,200	0	0
<u>Redhill Leisure Centre</u>				
Replace Spinning Bikes	Rep Equip	10,600	0	0
Replace Gym Equipment	Rep Equip	121,200	0	0
Replace All Weather Pitch Fencing	LC23	25,000	0	0
<u>Calverton Leisure Centre</u>				
New entrance, reception etc.	LC16/17	105,000	0	0
<u>Richard Herrod</u>				
Changing Pavilion/Play Facilities	Slip 05/06	173,000	0	0

SCHEME DESCRIPTION	Ref	Capital Budget Requirement		
		2006/07	2007/08	2008/09
		£	£	£
Arnold Leisure Centre	Slip 05/06 LC25			
Small and Large Pool Tiling		54,000	0	0
Pool Tiling/Pool Plant/Air Handling Units Replacement		148,200	0	0
Total Leisure Services		1,793,100	110,000	0
FINANCE				
Aid to Parishes	Cont 04/05	57,100	57,100	57,100
Total Finance		57,100	57,100	57,100
Future Equipment Replacement		0	150,000	150,000
Future Service Development Bids		0	1,500,000	1,400,000
TOTAL GENERAL FUND PROGRAMME		3,115,900	3,667,600	2,311,100
HOUSING INVESTMENT PROGRAMME				
GENERAL FUND SCHEMES				
Private Sector Improvement Grants	Cont 04/05	698,000	698,000	698,000
Gedling Move On Homeless Temp Accommodation	HC1	80,000	0	0
HOUSING REVENUE ACCOUNT SCHEMES				
Renovation of Local Authority Dwellings			3,191,700	2,240,800
Home Insulation THAWS		400,000		
Roof Replacement Scheme		30,000		
Electrical Works		50,000		
Kitchen Replacement		450,000		
Bathroom Replacement		200,000		
Community Security		50,000		
Window and Door Replacement		1,372,300		
External Walls		300,000		
Environmental Works		200,000		
DDA Compliance Works		20,000		
Welfare Adaptations		80,000		
Elderly Support		20,000		
IT Systems Upgrade		5,000		
Total Housing Revenue Account Schemes		3,177,300	3,191,700	2,240,800
TOTAL HOUSING INVESTMENT PROGRAMME		3,955,300	3,889,700	2,938,800
TOTAL CAPITAL PROGRAMME		7,071,200	7,557,300	5,249,900

Appendix 2

CAPITAL - RESOURCE DEVELOPMENT BIDS 2006/07 SCORE PRIORITISED

DEPARTMENT	Ref	2006/07 Net Capital Bid	2007/08 Net Capital Bid	2008/09 Net Capital Bid	TOTAL SMT SCORE
<u>SCHEMES 25 POINTS AND ABOVE</u>					
<u>Cross Cutting All Priorities</u>					
Gedling Move-on	HC1	80,000			42.00
Green Flag Park Award/Park Ranger/Park Dev Officer	LC12/LR8/9	30,000			29.00
		110,000	0	0	
<u>Community Safety</u>					
Safety Surface Renewal	DC6	30,000			37.25
Redhill LC - Replacement of All Weather Pitch Fencing	LC23	25,000			36.00
		55,000	0	0	
<u>Young People</u>					
Gedling Comp - Multi-Games Provision	LC10	1,500	100,000		32.50
Renew Play Equipment	DC7	24,000			32.25
A614 Pitches Construction (in relation to Arnold Town Football Club Relocation)	LC1	50,000			27.00
Bestwood Country Park Football Pitches - Drain & Level	LC6	85,000			25.00
		160,500	100,000	0	
<u>Physical Environment</u>					
D.D.A. Works to Car Parks	DC5	20,000			54.50
Replace/Refurbish LitterBins/Dog Bins	DC11	10,000			29.25
Maint of Walls, Parks and Open Spaces	DC8	10,000			29.25
Environmental Improvement eg Cycleways/Conservation Areas	P&EC1	50,000			25.00
		90,000	0	0	
<u>Business Case</u>					
C Forum -Increase Fitness Suite Capacity/Changing Room	LC18/19	281,200			39.75
Arnold LC - Pool Tiling/Pool Plant/Air Handling Units Replacement	LC25	148,200			39.50
Calverton - New entrance, reception etc.	LC16/17	70,000			32.00
CAPS Development - Local Dev Framework Module	P&EC3	12,000			27.75
		511,400	0	0	
Total Schemes 25 Points and Above		926,900	100,000	0	
<u>SCHEMES BELOW 25 POINTS</u>					
<u>Community Safety</u>					
Cemetery Monument Inspection and Repairs	LC14/LR15	10,000	10,000	10,000	23.75
Vehicle Barriers-Arnot Hill Park	DC2	80,000			3.00
		90,000	10,000	10,000	

DEPARTMENT	Ref	2006/07 Net Capital Bid	2007/08 Net Capital Bid	2008/09 Net Capital Bid	TOTAL SMT SCORE
Young People		£	£	£	
Queensbower Ball Court & Play Area Provision	LC29	1,500	225,000		24.50
Replacement of Artificial Cricket Wickets	LC4	10,000			19.00
Digby Avenue - Move ball court	LC9	45,000			7.00
Re-site Eddison Way - Ball Court	LC8	50,000			7.00
		106,500	225,000	0	
Physical Environment					
Allotment Grant Scheme	LC3	20,000			23.00
Richard Herrod - Reception Refurbishment	LC30	20,000			23.00
Cemeteries - Land Purchases	LC7	40,000	25,000		22.75
Arnot Hill Park - Replace Bowls Pavillion	LC2	1,500	262,500		20.00
Mapperley Golf Course Fencing	LC13	10,000			10.00
Bulky Waste Vehicle	DC12	25,000			4.50
		116,500	287,500	0	
Other Key Improvement Plans					
Alteration to existing glass collection vehicles	DC13	15,000			22.75
CAPS Development - Licencing Module	P&EC2	59,100			11.00
		74,100	0	0	
Business Case					
Improve Entrance to Burntstump Country Park	LC28	20,500			15.00
Redhill LC - Independent heating system	LC22	10,000			13.50
Redhill -Renovation of Changing Rooms	LC21	23,000			11.00
		53,500	0	0	
Total Below 25 Points		440,600	522,500	10,000	
Total Capital Bids		1,367,500	622,500	10,000	

