



Report to: Cabinet

Subject: Capital Programme 2007/08

Date: 15 February 2007

Author: Head of Finance

1. PURPOSE OF REPORT

- 1.1 This report summarises the Council's capital programme for 2007/2008 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 22, 23 and 25 January 2007 and the comments made are summarised in paragraph 6.4. The capital programme determined by Cabinet at this meeting will be referred to the Council Budget meeting on 1 March 2007 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) Revenue contribution
 - v) Borrowing

3. GOVERNMENT DETERMINATIONS FOR 2007/2008

3.1 Housing Major Repairs Allowance

In 2007/08 this Council will receive a Major Repairs Allowance (MRA) of £2,024,300. 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 2007/2008, it is estimated that the full MRA of £2,024,300 will be used to finance capital (HRA) expenditure.

4. PRUDENTIAL BORROWING

- 4.1. On 21 February 2007, Council will be requested to approve a report on the Prudential Indicators for Gedling Borough Council for the financial years 2007/2008 – 2009/2010.
- 4.2. These proposed prudential indicators in conjunction with the calculations within the Medium Term Plan show that some borrowing is prudent, affordable and sustainable in both the General Fund and the HRA.

- 4.3. It is, therefore, proposed that Prudential Borrowing of £1,000,000 is undertaken in 2007/08 in the achievement of the Decent Homes Standard in the HRA. For information, £1,000,000 of borrowing has been undertaken in 2005/06 and in 2006/07 to finance the HRA programme in those years as planned.
- 4.4 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. The overall level of affordable borrowing included to finance the proposed General Fund programme for 2007/08 is £3.9m. Further affordable borrowing of £2.2m in 2009/10 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. A proportion (75% or 50%) of the proceeds from the sale of Housing Revenue Account assets has to be paid over to the Government for the pooling of receipts with the remainder being available to fund capital expenditure.

Usable capital receipts that are expected to be generated in 2007/2008 are £172,000 General Fund and £334,000 Housing Revenue Account. The receipts arise from various Land Sales as well as Houses sold under Right to Buy legislation.

In the event of a positive decision to complete a Large Scale Voluntary Transfer of the housing stock the Council will receive a usable capital receipt. It is anticipated that part of this receipt will be used to finance the costs associated with the disposal of the stock with the remainder being invested to generate interest revenues which will offset some of the residual costs remaining within the General Fund Revenue Account following the transfer. The Resources summary at 5.3 below includes the estimated level of capital receipt required to finance the cost of disposal which has been included in the proposed Housing Investment Programme for 2007/08.

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 £786,900 are included for 2007/2008. 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 Summary

An estimate of resources for financing the 2007/08 programme and the following two years is summarised below:

	2007/08 £000	2008/09 £000	2009/10 £000
Use of Major Repairs Allowance	2,024	2,091	2,142
Use of Capital Receipts	412	2,663	242
Use of Capital Receipts – LSVT	410	0	0
Revenue Contribution	150	150	150
Capital Grants and Contributions	787	469	439
CASH RESOURCE	3,783	5,373	2,973
BORROWING	4,900	0	2,200
TOTAL FINANCING	8,683	5,373	5,173

6. PROPOSED CAPITAL PROGRAMME 2007/08

6.1 The following table summarises the proposed Capital Programme for 2007/08. The full programme of schemes is presented in Appendix 1.

<u>CAPITAL PROGRAMME</u>	2007/08 £000	2008/09 £000	2009/10 £000
Leader	185	27	31
Agenda 21, Crime and Community Development	0	0	0
E-Government, Members and Property Services	504	80	0
Development and Econ Regeneration	0	0	0
Direct Services	1,481	664	589
Leisure Services	2,111	660	320
Finance	57	57	57
Future Equipment Replacement	0	150	150
Future Service Development Bids	0	814	1,054
Total Other Services	4,338	2,452	2,201
Housing Investment Programme (HIP)	4,345	2,921	2,972
Total Capital Programme	8,683	5,373	5,173

- 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, Resource Developments Bids from 2006/07 which have continuing impact into 2007/08 and Resource Development Bids for 2007/08. The cost of disposal associated with an LSVT, as referred to in paragraph 5.1 above, has also been included in the proposed HIP 2007/08.

The indicative forward HIP assumes continuing maintenance of Housing Stock. However, in the event of an LSVT the HRA elements of the capital programme will not be required but this does not have an impact on overall capital programme financing as the HRA programme is set to match specific resources of Government Subsidy and Housing Revenue Account Contributions which will not be available following an LSVT.

- 6.3 On 11 January 2007, Cabinet approved the list of 2007/08 Resource Development Bids, detailed in the table below, for referral to Scrutiny Committees. These represent those schemes scoring above 39 points using the Council's approved methodology, plus three 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. These schemes 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

Capital Resource Development Bids 2007/08 (above 39 points plus additional schemes)

DESCRIPTION	Ref	2007/08 Net Capital Bid	2008/09 Net Capital Bid	2009/10 Net Capital Bid	TOTAL SCORE
		£	£	£	
<u>SCHEMES ABOVE 39 POINTS</u>					
<u>Cross-Cutting All Priorities</u>					
New Performance Management System	CC1	12,000	0	0	73.50
		12,000	0	0	
<u>Community Safety</u>					
Monument Repairs	LC7	10,000	10,000	10,000	41.50
		10,000	10,000	10,000	
<u>Young People</u>					
Relocation of Teal Close Football Facilities	LC2	1,350,000	0	0	78.00
Replacement of Artificial Cricket Wickets	LC10	10,000	10,000	10,000	64.00
Bigwood School Community Sports Facility	LC4	5,000	100,000	300,000	63.00
Jackie Bells Field Facilities Refurbishment	LC1	1,500	250,000	0	57.00
Salop Street Youth Facility	LC3	1,500	65,000	0	57.00
Queensbower Ball Court & Play Area	LC11	1,500	225,000	0	57.00
Arnot Hill Park - Replace Bowls Pavilion	LC5	180,000	0	0	55.00
Safety Surface Renewal	DC6	28,000	26,000	26,000	41.50
		1,577,500	676,000	336,000	
<u>Other Key Improvement Plans</u>					
Licensing System	P&EC3	16,000	0	0	48.50
CAPS Development	P&EC2	7,000	0	0	41.00
		23,000	0	0	
Total Schemes Above 39 Points					
		1,622,500	686,000	346,000	
<u>Additional Schemes Added</u>					
Relocation of Shopmobility (part of original Arnold Master Plan Bid)	P&EC4	50,000	0	0	36.00
Re-site Play Area – Rutland Road	LC14	30,000	0	0	34.00
Provide Play Area – Edison Way	LC19	70,000	0	0	32.00
Total Schemes					
		1,772,500	686,000	346,000	

- 6.4 Scrutiny Committees resolved to make the following recommendations to Cabinet on the proposed Resource Developments:

Resources and Management Scrutiny Committee

i. That Cabinet consider directing more resources to the development of sustainable energy sources within the Council's operational buildings. These resources should allow for both the investigation and implementation of sustainable measures that have an overall cost benefit.

ii. That in the next review of the Council's priorities sustainability should feature as a specific area.

Services Scrutiny Committee

i. That they fund the resources necessary to meet the previous recommendations of the Committee on sustainable energy objectives.

ii. That sustainability should feature heavily in the methodology of scoring for the selection of Resource Development Bids.

Community and Quality of Life Scrutiny Committee

i. To reconsider its decision on the need for additional resources for scrutiny.

ii. That this Committee regret the decision made not to proceed with car parking charges which has led to a deficit on balances which are needed to support the revenue budgets.

7. CAPITAL PROGRAMME 2006/2007

- 7.1 The capital programme for 2006/2007 is reviewed on a quarterly basis by Cabinet. The Quarterly Budget and Performance Plan Digest for December 2006/07 is included in an item elsewhere on this agenda and any schemes recommended for slippage into 2007/08 and approved by Personnel and Resources Committee will be incorporated into the 2007/08 capital programme.

8. RECOMMENDATIONS

Cabinet are asked to recommend to Council on 1 March 2007 that:

- i) the capital financing available for 2007/2008 be noted.
- ii) the likely resources available for 2008/09 and 2009/10 be noted.
- iii) the capital programme for 2007/08 at Appendix 1 be approved.
- iv) the Housing Investment Programme for 2007/08 at Appendix 1 be approved.

CAPITAL PROGRAMME 2007/08-2009/10

SCHEME DESCRIPTION	Ref	Capital Budget Requirement		
		2007/08	2008/09	2009/10
		£	£	£
GENERAL FUND PROGRAMME				
LEADER				
DDA Compliance Works	Cont 05/06	31,000	27,000	31000
Environmental Impnts eg Cycleways/Conservn Areas	Slip 06/07 Q2	50,000	0	0
	Slip 06/07			
CAPS Development - Local Dev Framework Module	Q2/P&EC2	19,000	0	0
Regalion End-to-End Licensing System	P&EC3	16,000	0	0
Relocation of Shopmobility	P&EC4	50,000	0	0
Replacement Sewer Camera	Rep Equip	7,000	0	0
Performance Management System	CC1	12,000	0	0
Total Leader		185,000	27,000	31,000
AGENDA 21, CRIME & COMM DEV.				
No Schemes		0	0	0
E GOVT, MEMBERS & PROPERTY				
Customer Relationships Management System	Slip 05/06	220,000	80,000	0
	Con05/06/Slip			
Electronic Records Document Management	06/07 Q2	269,400	0	0
Citizen Access Facilities	Slip 06/07 Q2	14,500	0	0
Total E Govt, Members & Property		503,900	80,000	0
DEVELOPMENT & ECON REGEN				
No Schemes		0	0	0
DIRECT SERVICES				
Garden Waste Scheme	Cont 05/06	25,000	10,000	0
Car Parking Charging	Slip 06/07 Q1	140,000	0	0
Safety Surface Renewal	DC6	28,000	26,000	26,000
Sub-total Direct Services		193,000	36,000	26,000
Replacement Vehicles			628,500	563,000
Grounds Maintenance:				
Supervisor's Van - replace W506 MJU		14,000	0	0
Crew Cab Pick Up - replace W575 PTN		20,000	0	0
Rotary Mower - replace FE52 GUJ		10,000	0	0
Triple Mower - replace FE02 HZH		25,000	0	0
Mower - replace FN03 HCA		14,000	0	0
Mower - replace V721 ERA		16,000	0	0
Quad Bike - replace X795 ENU		12,000	0	0
Cleansing:				
Supervisors Vehicle - replace FG51 VKC		14,000	0	0
ALF Villages - replace FA02 EBK		18,000	0	0
Large Sweeper Carlton - replace DX51 YCL		96,000	0	0
Pedestrian Sweeper - Applied 1		11,000	0	0
Pedestrian Sweeper/Trailer - Applied 1		12,000	0	0
Graffiti Remover		20,000	0	0

CAPITAL PROGRAMME 2007/08-2009/10 continued

SCHEME DESCRIPTION	Ref	Capital Budget Requirement		
		2007/08	2008/09	2009/10
		£	£	£
Refuse & Recycling:				
Refuse Freighter 26t - replace FN52 XDU		136,000	0	0
Refuse Freighter 26t - replace FN52 XDV		135,000	0	0
Refuse Freighter 26t - replace FN52 XDW		135,000	0	0
Refuse Freighter 26t - replace FN52 XDX		135,000	0	0
Refuse Freighter 26t - replace FN52 XNJ		135,000	0	0
Refuse Freighter 26t - replace FN52 XNK		135,000	0	0
Refuse Freighter 22t - replace VU52 SVS		135,000	0	0
Plastics/Cardboard - Replace X436 VAY		40,000	0	0
Other Fleet Vehicles:				
Large Workshops Steam Cleaner		6,000	0	0
Fitters Work Van - replace S433 CRC		14,000	0	0
Sub-total Replacement Vehicles		1,288,000	628,500	563,000
Total Direct Services		1,481,000	664,500	589,000
<u>LEISURE SERVICES</u>				
<u>Community Facilities</u>				
Gedling Comprehensive - Multi Games Provision	Cont 05/06	100,000	0	0
Bigwood School Community Sports Facility	LC4	5,000	100,000	300,000
<u>Landscape</u>				
Netherfield Lagoons Fences and Paths	Cont 05/06	10,000	0	0
Relocation of Teal Close Football Facilities	LC2	1,650,000	0	0
Replacement of Artificial Cricket Wickets	LC10	10,000	10,000	10,000
Jackie Bell's Field Facilities Refurbishment	LC1	1,500	250,000	0
Salop Street Youth Facility	LC3	1,500	65,000	0
Queensbower Ball Court & Play Area	LC11	1,500	225,000	0
Arnot Hill Park - Replace Bowls Pavilion	LC5	180,000	0	0
Monument Repairs	LC7	10,000	10,000	10,000
Re-site Play Area Rutland Road	LC14	30,000	0	0
Provide Play Area Edison Way	LC19	70,000	0	0
<u>Calverton Leisure Centre</u>				
Replacement Gym Equipment	Rep Equip	41,700	0	0
Total Leisure Services		2,111,200	660,000	320,000
<u>FINANCE</u>				
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	814,000	1,054,000
TOTAL GENERAL FUND PROGRAMME		4,338,200	2,452,600	2,201,100

CAPITAL PROGRAMME 2007/08-2009/10 continued

SCHEME DESCRIPTION	Ref	Capital Budget Requirement		
		2007/08	2008/09	2009/10
		£	£	£
<u>HOUSING INVESTMENT PROGRAMME</u>				
GENERAL FUND SCHEMES				
Private Sector Improvement Grants	Cont 04/05	680,000	680,000	680,000
Gedling Move On Homeless Temp Accommodation	Slip 06/07 Q1	80,000	0	0
HOUSING REVENUE ACCOUNT SCHEMES				
<u>Renovation of Local Authority Dwellings</u>				
Home Insulation THAWS		400,000	2,240,800	2,292,200
Roof Replacement Scheme		25,000		
Electrical Works		25,000		
Kitchen Replacement		450,000		
Bathroom Replacement		254,300		
Community Security		0		
Window and Door Replacement		793,000		
External Walls		200,000		
Environmental Works		90,000		
DDA Compliance Works		0		
Welfare Adaptations		150,000		
Elderly Support		30,000		
Lifts		100,000		
Planned Maintenance Management and Admin		657,000		
LSVT – Cost of Disposal		410,000		
Total Housing Revenue Account Schemes		3,584,300	2,240,800	2,292,200
TOTAL HOUSING INVESTMENT PROGRAMME		4,344,300	2,920,800	2,972,200
TOTAL CAPITAL PROGRAMME		8,682,500	5,373,400	5,173,300

CAPITAL RESOURCE DEVELOPMENT BIDS 2007/08

DESCRIPTION	Ref	2007/08 Net Capital Bid	2008/09 Net Capital Bid	2009/10 Net Capital Bid	TOTAL SCORE
		£	£	£	
<u>SCHEMES ABOVE 39 POINTS</u>					
<u>Cross-Cutting All Priorities</u>					
New Performance Management System	CC1	12,000	0	0	73.50
		12,000	0	0	
<u>Community Safety</u>					
Monument Repairs	LC7	10,000	10,000	10,000	41.50
		10,000	10,000	10,000	
<u>Young People</u>					
Relocation of Teal Close Football Facilities	LC2	1,350,000	0	0	78.00
Replacement of Artificial Cricket Wickets	LC10	10,000	10,000	10,000	64.00
Bigwood School Community Sports Fac.	LC4	5,000	100,000	300,000	63.00
Jackie Bells Field Facilities Refurbishment	LC1	1,500	250,000	0	57.00
Salop Street Youth Facility	LC3	1,500	65,000	0	57.00
Queensbower Ball Court & Play Area	LC11	1,500	225,000	0	57.00
AHP - Replace Bowls Pavilion	LC5	180,000	0	0	55.00
Safety Surface Renewal	DC6	28,000	26,000	26,000	41.50
		1,577,500	676,000	336,000	
<u>Other Key Improvement Plans</u>					
Licensing System	P&EC3	16,000	0	0	48.50
CAPS Development	P&EC2	7,000	0	0	41.00
		23,000	0	0	
Total Schemes Above 39 Points		1,622,500	686,000	346,000	
<u>SCHEMES BELOW 39 POINTS</u>					
<u>Cross-Cutting All Priorities</u>					
Energy Initiatives	DC3	35,000	25,000	25,000	17.00
		35,000	25,000	25,000	
<u>Young People</u>					
Burton Rd - Young People/Children's Facility	LC6	1,500	68,400	50,000	39.00
Renew Play Areas	DC7	24,000	24,000	24,000	36.50
King George V Arnold Restoration	LC15	177,000	280,000	150,000	36.00
Re-site Play Area Rutland Road	LC14	30,000	0	0	34.00
Provide Play Area Edison Way	LC19	70,000	0	0	32.00
Refurbish Arno Vale Play Area	LC12	150,000	0	0	16.00
		452,500	372,400	224,000	

Capital Resource Development Bids 2007/08 continued

DESCRIPTION	Ref	2007/08 Net Capital Bid	2008/09 Net Capital Bid	2009/10 Net Capital Bid	TOTAL SCORE
		£	£	£	
<u>Physical Environment</u>					
Green Flag Park Award	LC8	30,000	20,000	0	37.00
Arnold Master Plan	P&EC4	103,000	1,130,000	1,565,000	36.00
Maintenance of Walls, Parks and Open Spaces	DC8	10,000	10,000	10,000	32.50
Environmental Improvements	P&EC1	30,000	0	0	27.00
Burton Road Car Park - Flooding	DC10	12,500	0	0	15.00
		185,500	1,160,000	1,575,000	
<u>Business Case</u>					
Large Workshop Floor	DC4	13,000	0	0	36.00
Repairs to Large Workshop Work Pits/Vehicle Lift	DC13	25,000	0	0	35.00
Cemeteries - Land Purchases	LC9	5,000	40,000	40,000	22.00
Reception refurbishment (Richard Herrod LC)	LC27	35,000	0	0	20.00
Resurfacing of Flat Roof (Arnold LC)	LC20	71,000	0	0	18.00
Safety Surface to Patio Areas Comm Centres	LC30	14,800	0	0	14.00
Renovation of Changing Rooms (Redhill)	LC16	29,700	0	0	12.00
Replace Windows Haywood Rd Comm Centre	LC29	15,000	0	0	12.00
Improve and Restore Burntstump Road	LC13	20,500	0	0	10.00
	LC17				
Refurbishment of Fitness Suite (Calverton)	(part)	39,400	0	0	3.00
Plant room improvements at all 3 pools	LC23	59,000	0	0	0.00
Air Conditioning Millennium Suite (Richard Herrod LC)	LC26	16,500	0	0	0.00
Wetside Changing Rooms (Calverton LC)	LC31	10,000	0	0	0.00
		353,900	40,000	40,000	
Total Below 39 Points		1,026,900	1,597,400	1,864,000	
Total Capital Bids		2,649,400	2,283,400	2,210,000	