



Report to: Cabinet

Subject: Capital Programme 2009/10

Date: 19 February 2009

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1. PURPOSE OF REPORT

- 1.1 This report summarises the Council's capital programme for 2009/2010 and future years in the light of the Council's priorities and the resources available.
- 1.2 Under the Council's constitution, the Cabinet makes its final budget proposals after consideration of the comments made by the Policy Review Scrutiny Committee in respect of the draft budget. The draft capital programme was presented to this Committee on 27 January 2009 and the comments made are included in paragraph 4.5. The capital programme determined by Cabinet at this meeting will be referred to the Council Budget meeting on 4 March 2009 for final approval.
- 1.3 The detailed capital programme proposals are shown in Appendix 1 to this report.

2. BACKGROUND

- 2.1 The 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, 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 capital programme must be financed from the following sources:

- i) Usable capital receipts
- ii) Capital grants and contributions
- iii) Revenue contributions
- iv) Borrowing

3. CAPITAL RESOURCES

3.1 Capital Receipts

When the Council sells General Fund assets it is permitted to use this income to fund capital expenditure. Following LSVT all retained HRA land and property has been transferred to General Fund, following consent to transfer being received from the Secretary of State for the Department of Communities and Local Government. Any future receipts arising from the sale of these retained assets are no longer subject to Government pooling requirements and would be fully usable to finance capital expenditure.

It was anticipated that a significant capital receipt would be generated during 2009/10 from the disposal of land at Teal Close, and that this would be available to fund some of the basic capital maintenance/equipment replacements and some capital service developments. The timing of this land disposal is now uncertain and it is necessary to use alternative resources, to fund the basic programme. This results in a more restricted capital programme than in recent years.

Usable capital receipts that are expected to be generated in 2009/2010 total £355,000. The receipts arise from minor land sales and Preserved Right to Buy (RTB) receipts that the Council has negotiated to retain, for a period of 10 years, as part of the LSVT of housing stock. Preserved RTB receipts are not subject to pooling requirements and are fully usable to finance capital expenditure.

3.2 Prudential Borrowing

Prudential borrowing of £1.46m is required to finance the General Fund capital programme in 2009/10, with a further £1.13m and £1.37m being required in 2010/11 and 2011/12 respectively. This level of borrowing has become necessary due to the uncertainty of the Teal Close land disposal.

On 25 February 2009, Council will be requested to approve a report on the Prudential Indicators for Gedling Borough Council for the financial years 2009/2010 – 2011/2012. These proposed prudential indicators, in conjunction with the calculations within the Medium Term Plan, show that this level of borrowing is prudent, affordable and sustainable.

3.3 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 £439,000 are included for 2009/2010. 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.

3.4 Resources Summary

An estimate of resources for financing the 2009/10 programme and the following two years is summarised below:

	2009/10 £000	2010/11 £000	2011/12 £000
Use of Capital Receipts	1,568	355	355
Capital Grants and Contributions	439	439	439
Cash Resource	2,007	794	794
Prudential Borrowing	1,459	1,127	1,372
Total Financing	3,466	1,921	2,166

4. PROPOSED CAPITAL PROGRAMME 2009/10

4.1 The following table summarises the proposed Capital Programme for 2009/10. The full programme of schemes is presented in Appendix 1.

<u>CAPITAL PROGRAMME</u>	2009/10 £000	2010/11 £000	2011/12 £000
Leader	0	0	0
Safe and Sustainable Neighbourhoods	0	0	0
Customer Services and Efficiency	584	0	0
Development and Economic Regeneration	50	0	0
Direct Services and Property	1,048	879	1129
Leisure and Youth	987	5	5
Housing and Health	740	680	680
Finance	57	57	57
Future Equipment Replacement	0	150	145
Future Service Development Bids	0	150	150
Total Capital Programme	3,466	1,921	2,166

- 4.2 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 previous years which have continuing impact into 2009/10 and Resource Development Bids for 2009/10.
- 4.3 The introduction of car park charging has been included as a proposal in the General Fund Revenue Budget and Service Plan 2009/10 report, an item elsewhere on this Agenda. The introduction of car park charging requires some capital investment, for pay and display equipment and infrastructure work, and a figure of £145,000 has been included in the programme summarised above and at Appendix 1.
- 4.4 On 15 January 2009, Cabinet approved the list of 2009/10 Resource Development Bids, detailed in the table below, for referral to the Policy Review Scrutiny Committee. These represent those schemes scoring 25 points and above using the Council's approved methodology, 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 is shown at Appendix 2.

Capital Resource Developments 2009/10 (25 points and above)

Ref	DESCRIPTION	2009/10 Net Capital Bid	2010/11 Net Capital Bid	2011/12 Net Capital Bid	TOTAL SCORE
		£	£	£	
LC10	Midland Wood Site Improvements	50,000	0	0	43
LC17	Richard Herrod LC Roof	100,000	0	0	34
	TOTAL BIDS 25 POINTS AND ABOVE	150,000	0	0	

- 4.5 The Policy Review Scrutiny Committee made no specific resolutions in relation to the Capital Resource Development Bids approved by Cabinet on 15 January 2009 but recommended to Cabinet that the introduction of car park charges be considered.

The introduction of car park charging requires some capital investment as detailed in paragraph 4.3 above.

5. CAPITAL PROGRAMME 2008/2009

5.1 The Capital Programme for 2008/2009 is reviewed on a quarterly basis by Cabinet. The Quarterly Budget and Performance Plan Digest for December 2008/09 was presented to Cabinet on 10 February 2009 and schemes recommended for slippage into 2009/10 are to be considered by Personnel and Resources Committee on 16 February 2009.

The proposals for slippage have been incorporated into the 2009/10 Capital Programme attached at Appendix 1, and are included subject to approval by Personnel and Resources Committee. Any amendments to slippage recommended by that Committee will amend the Capital Programme.

6. RECOMMENDATIONS

6.1 Cabinet is asked to recommend to Council on 4 March 2009 that:

- i) the capital financing available for 2009/2010 be noted.
- ii) the likely resources available for 2010/11 and 2011/12 be noted.
- iii) the capital programme for 2009/10 at Appendix 1 be approved.

DETAILED CAPITAL PROGRAMME 2009/10-2011/12

SCHEME DESCRIPTION	Ref	CAPITAL BUDGET REQUIREMENT		
		2009/10	2010/11	2011/12
		£	£	£
<u>CUSTOMER SERVICES AND EFFICIENCY</u>				
Customer Relationships Management System	05/06/Slip 07/08	300,000	0	0
Document Management	Slip 07/08	269,400	0	0
Citizen Access Facilities	Slip 07/08	14,500	0	0
Total Customer Services and Efficiency		583,900	0	0
<u>DEVELOPMENT AND ECONOMIC REGEN</u>				
Relocation of Shopmobility	Slip 07/08	50,000	0	0
Total Development and Economic Regen		50,000	0	0
<u>DIRECT SERVICES AND PROPERTY</u>				
DDA Compliance Works	2005/06	31,000	0	0
Safety Surface Renewal	Ongoing	26,000	26,000	26,000
Trade Recycling Bins	2008/09	10,000	5,000	5,000
Car Park Charging	2009/10	145,000	0	0
Replacement Vehicles	Ongoing	586,000	648,000	898,000
Asset Management Fund	2008/09	200,000	200,000	200,000
Strategic Land Sales Review	Slip 08/09	50,000	0	0
Total Direct Services and Property		1,048,000	879,000	1,129,000
<u>LEISURE AND YOUTH</u>				
Bigwood School Community Sports Facility	07/08 slip 08/09	402,500	0	0
Replacement of Artificial Cricket Wickets	2007/08	10,000	0	0
Monument Repairs	2007/08	10,000	5,000	5,000
Queensbower ball Court and Play Area	Slip 08/09	225,000	0	0
Reinstate King George V Arnold	Slip 08/09	72,300	0	0
Salop Street Youth Facility	Slip 08/09	65,000	0	0
Cemeteries Land Purchase	Slip 08/09	10,000	0	0
Honeywood Gardens Community Centre	Slip 08/09	19,100	0	0
Gedling School New Leisure	Slip 08/09	11,400	0	0
Community Centre Boiler Replacement	Replace Equip	12,000	0	0
Midland Wood Site Improvements	LC10	50,000	0	0
Richard Herrod Leisure Centre Roof	LC17	100,000	0	0
Total Leisure and Youth		987,300	5,000	5,000
<u>HOUSING AND HEALTH</u>				
Private Sector Improvement Grants	Ongoing/Slip	739,500	680,000	680,000
Total Housing and Health		739,500	680,000	680,000
<u>FINANCE</u>				
Aid to Parishes	2004/05	57,100	57,100	57,100
Total Finance		57,100	57,100	57,100

DETAILED CAPITAL PROGRAMME 2009/10-2011/12 (continued)

SCHEME DESCRIPTION	Ref	CAPITAL BUDGET REQUIREMENT		
		2009/10	2010/11	2011/12
		£	£	£
Future Equipment Replacement		0	150,000	145,000
Future Service Development Bids		0	150,000	150,000
TOTAL CAPITAL PROGRAMME		3,465,800	1,921,100	2,166,100

CAPITAL RESOURCE DEVELOPMENT BIDS 2009/10

Ref	DESCRIPTION	2009/10 Net Capital Bid	2010/11 Net Capital Bid	2011/12 Net Capital Bid	TOTAL SCORE
		£	£	£	
LC10	Midland Wood Site Improvements	50,000	0	0	43
LC17	Richard Herrod LC Roof	100,000	0	0	34
TOTAL BIDS 25 POINTS AND ABOVE		150,000	0	0	
LC14	Teal Close Improvements	15,000	0	0	21
LC1	Reinstate King George V, Arnold	152,000	200,000	25,000	16
LC4	Colwick Recreation Ground Play Area Refurb.	100,000	0	0	16
LC8	Albert Avenue Play Area	5,000	75,000	0	16
LC12	Arno Vale Play Area Refurbishment	5,000	95,000	30,000	16
LC13	Burton Road Provision of Facilities	5,000	136,700	100,000	16
LC21	ALC - Replace pipework under the pool	19,700	0	0	15
LC27	Redhill - Changing Rooms	39,000	0	0	15
DC2	Renew Play Equipment	15,000	15,000	15,000	14
DC5	Appletree Lane Reinstatement Works	20,000	0	0	14
P&EC1	DFG to make up shortfall from LSVT	108,000	80,000	50,000	9
LC9	Hobbocks Improvements	25,000	25,000	0	8
LC28	Community Centre UPVC Windows	40,000	0	0	8
LC25	Carlton Forum Steam & Sauna	35,000	0	0	6
LC15	Japanese Garden at Bestwood Country Park (Investigation/Renovation)	35,000	0	0	4
LC16	Haywood Rd Community Centre Refurbishment	60,000	45,000	0	4
LC26	Redhill - Car Park Extension	15,000	0	0	1
LC24	CF Full External Upgrade/redecorate	27,500	0	0	0
TOTAL BIDS 25 POINTS AND BELOW		721,200	671,700	220,000	
TOTAL GENERAL FUND CAPITAL BIDS		871,200	671,700	220,000	