



Report to: Cabinet

Subject: Capital Programme 2010/11

Date: 18 February 2010

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1. PURPOSE OF REPORT

- 1.1 This report summarises the Council's capital programme for 2010/11 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 the 26th January 2010 and no resolutions were made. The capital programme determined by Cabinet at this meeting will be referred to the Council Budget meeting on the 3rd March 2010 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.
- 2.2 This prudential framework sets out the following key objectives:
 - The capital investments 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.
 - Treasury management decisions are taken in accordance with good professional practice.

- Local strategic planning, asset management and proper option appraisal are supported.

2.3 The capital programme will be financed from the following sources:

- i) Usable capital receipts
- ii) Capital grants and contributions
- iii) 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 the 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.

Usable capital receipts generated in 2010/11 are estimated to total £355,000. The receipts will 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 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 £1,347,600 is required to finance the General Fund capital programme in 2010/11, with a further £1,374,100 and £1,783,100 being required in 2011/12 and 2012/13 respectively. This level of borrowing to fund the basic programme has become necessary due to lower capital receipts being available.

On 14 January 2010 Cabinet received a report on the Prudential Indicators for Gedling Borough Council for the financial years 2010/11 – 2012/13 and referred it on to Council on 24 February 2010 for approval. These Prudential Indicators, in conjunction with the calculations within the Medium Term Plan, show that this level of borrowing is affordable and sustainable.

3.3 **Capital Grants and Contributions**

External funds such as the 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 £2,007,000 are included for 2010/11.

This includes a grant from East Midlands Development Agency of £850,000 in respect of Strategic Property Purchase, LAA reward grant of £325,000, Regional Housing Board (RHB) Renewal Grant of £505,000 and Disabled Facilities Grant of £327,000. The RHB Renewal and the Disabled Facilities Grants are expected to continue at a similar level in 2011/12.

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 2010/11 programme and the following two years is summarised below:

	2010/11	2011/12	2012/13
	£000	£000	£000
Use of Capital Receipts	465	347	339
Capital Grants and Contributions	2007	832	832
Cash Resource	2,472	1,179	1,171
Prudential Borrowing	1,347	1,374	1,783
Total Financing	3,819	2,553	2,954

4. PROPOSED CAPITAL PROGRAMME 2010/11

4.1 The following table summarises the proposed Capital Programme for 2010/11. The full programme of schemes is presented in Appendix 1.

CAPITAL PROGRAMME	2010/11	2011/12	2012/13
	£000	£000	£000
Leader	0	0	0
Safe and Sustainable Neighbourhoods	1,072	1,072	1,072
Customer and Members Services	0	0	0
Development and Enterprise	50	0	0
Direct Services	703	924	975
Leisure and Wellbeing	87	0	350
Strategic Planning	0	0	0
Finance	1,907	257	257
Future Equipment Replacement	0	150	150
Future Service Development Bids	0	150	150
Total Capital Programme	3,819	2,553	2,954

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 Development Bids from previous years which have a continuing impact into 2010/11 and Resource Development Bids for 2010/11.

4.3 The table below show 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 Capital Resource Development Bids is shown at Appendix 2.

Capital Resource Developments 2010/11

Ref	Department	2010/11 <u>Net</u> Capital Bid	2011/12 <u>Net</u> Capital Bid	2012/13 <u>Net</u> Capital Bid	Total Score
		£	£	£	
CSC1	Strategic Property Purchase	500,000	0	0	45
TOTAL BIDS 25 POINTS ABOVE		500,000	0	0	

4.4 Public Realms Works

Proposals for Public Realms Works for 2010/11 have now been agreed with Gedling Homes and are detailed in Appendix 3 for Members consideration. The total figure of £699,200 exceeds the available funding of £550,000 for the year, but offers flexibility if any scheme proposed cannot be progressed or if firm quotes for schemes come in below the estimated figure. Any schemes not progressed in 2010/11 will be reconsidered for inclusion in future years' programmes.

As previously, Public Realms works will be procured by Gedling Homes for the benefit of the community and the capital costs do not feature directly in the Council's budgets. The ongoing revenue implications of the proposed schemes total £7,000 pa and this has been included in the Council's base revenue budget for 2010/11.

5. CAPITAL PROGRAMME 2009/10

5.1 The Capital Programme for 2009/10 is reviewed on a quarterly basis by Cabinet. The Quarterly Budget and Performance Plan Digest for December 2009/10 is included in an item elsewhere on this agenda and any schemes recommended for slippage into 2010/11, and subsequently approved by Council, will be incorporated into the 2010/11 capital programme.

6. RECOMMENDATIONS

6.1 Cabinet is asked to recommend to Council that:

- i) The capital financing available for 2010/11 be noted;
- ii) The likely resources available for 2011/12 and 2012/13 be noted;
- iii) The Capital Programme for 2010/11 at Appendix 1 be approved.

6.2 Cabinet is asked to formally agree the list of Public Realms Works schemes for 2010/11 at Appendix 3 as previously reported, and to authorise the Head of Strategy and Performance to determine the final schemes for delivery from that list, up to a maximum budget of £550,000.

DRAFT CAPITAL PROGRAMME 2010/11-2012/13

SCHEME DESCRIPTION	Ref	CAPITAL BUDGET REQUIREMENT		
		2010/11	2011/12	2012/2013
		£	£	£
SAFE & SUSTAINABLE NEIGHBOURHOODS				
Private Sector Improvement Grants	Ongoing	1,072,000	1,072,000	1,072,000
Total Housing General Fund		1,072,000	1,072,000	1,072,000
<u>DEVELOPMENT AND ENTERPRISE</u>				
Relocation of Shopmobility	Slip 07/08	50,000	0	0
Total Planning and Environment		50,000	0	0
<u>DIRECT SERVICES</u>				
Replacement of Mowers and Strimmers	DSC5	27,000	0	0
Upgrade Vehicle Wash Tank	DSC6	25,000	0	0
Safety Surface Renewal	Ongoing	26,000	26,000	26,000
Replacement Vehicles		625,000	898,000	949,000
Total Direct Services		703,000	924,000	975,000
<u>LEISURE AND WELLBEING</u>				
Cemetery Land Purchase		0	0	350,000
Salop Street Youth Facility	Slip 08/09 09/10	65,000	0	0
Reinstate King George V Arnold	Slip 08/09 09/10	22,300	0	0
Total Leisure Services		87,300	0	350,000
<u>FINANCE</u>				
Aid to Parishes	Ongoing	57,100	57,100	57,100
Customer Relationships Management System	05/06/Slip 07/08	250,000	0	0
Strategic Property Purchase	CSC1	1,350,000		
Asset Management Fund	2008/09	200,000	200,000	200,000
Strategic Land Sales	Slip 08/09 09/10	50,000	0	0
Total Corporate Services		1,907,100	257,100	257,100
Future Equipment Replacement			150,000	150,000
Future Service Development Bids			150,000	150,000
TOTAL CAPITAL PROGRAMME		3,819,400	2,553,100	2,954,100

GENERAL FUND CAPITAL RESOURCE DEVELOPMENT BIDS 2010/11
SCORE PRIORITISED

Ref	DEPARTMENT	2010/11 Net Capital Bid	2011/12 Net Capital Bid	2012/13 Net Capital Bid	TOTAL SCORE
		£	£	£	
CSC1	Strategic Property Purchase	500,000	0	0	45
	TOTAL BIDS 25 POINTS AND ABOVE	500,000	0	0	
DSC2	Allotment Hard Surface Improvements	50,000	50,000	0	14
LC10	Burton Road Recreational Facility	0	136,700	100,000	10
LC23	Extension of CCTV	30,000	0	0	9
LC12	Arnot Hill Park Entrance	20,000	20,000	0	9
LC4	Haywood Road Refurbishment	45,000	45,000	0	3
	TOTAL BIDS 25 POINTS AND BELOW	145,000	251,700	100,000	
	TOTAL GENERAL FUND CAPITAL BIDS	645,000	251,700	100,000	

Proposals for Public Realms Works in Priority Order

Scheme Title	Reference	Description of works	Ward	Score	Net Cost
					£
Newstead	HS1	Comprehensive regeneration, lead by consultants	Newstead	49	70,000
Burton Rd Combined Bid	BJ1	Improvements to the children's play facilities, provision of a footpath and improvements to the car park.	Gedling	48	141,900
Phoenix Estate	NT2	Improvements to address parking problems, remedial works to footpaths and measures to improve safety.	Phoenix	39	100,000
Killisick	NT1	Provision of play equipment for teenagers, i.e. outdoor gym.	Killisick	34	100,000
Phoenix Play Area	LS4	Replace and enhance the existing children's play facilities for the under 10's 25,000	Phoenix	32	120,000
KGV Carlton	LS3	Replace and enhance the existing children's play facilities for the under 10's	Carlton Hill	30	120,000
Skate Park	LS2	Extend and enhance the existing skate park facilities.	Kingswell	28	15,000
Play Equipment	DS7	Replacement of 6 items of play equipment in 5 GBC play areas	Several	26	32,300
			Total		699,200