

Subject: Capital Programme 2010/11

Status: For Publication

Report to: The Cabinet
Council

Date: 17th February 2010
25th February 2010

Report of: The Head of Financial Services

Portfolio

Holder: Finance and Resources

Key Decision: No – Recommendation to Full Council

Forward Plan General Exception Special Urgency

1. PURPOSE OF REPORT

- 1.1 To agree recommendations in relation to the capital expenditure estimates and resources for 2010/11.
- 1.2 To advise Members of the proposed capital expenditure and resources for the medium term 20011/ 12 & 2012/13 and the financing issues related to future capital expenditure.

2. CORPORATE PRIORITIES

- 2.1 The matters discussed in this report impact directly on the following corporate priorities and associated corporate objectives.
- Delivering quality Services to our customers
 - Delivering regeneration across the Borough
 - Encouraging healthy and respectful communities
 - Keeping our Borough clean, green and safe
 - Promoting the Borough
 - Providing value for money services

3. RISK ASSESSMENT IMPLICATIONS

- 3.1 All the issues raised and the recommendations in this report involve risk considerations as set out below:

- 3.2 The Council needs to ensure that it is able to generate adequate sources of capital funding to support its capital commitments over the medium term and that it does not over stretch itself in terms of borrowing exposure.
- 3.3 The Council can do this by prioritising both its capital expenditure and the assets it chooses to retain over the medium term. This requires focus not just on the immediate issue but on those issues emerging over the medium term and its corporate priorities.
- 3.4 The Regional Housing Pot (RHP) has not yet been finalised. We have been in discussion with the Regional Assembly who has advised that final allocation will be announced mid-February. The indications to-date is that the grant is likely to be equivalent to the previous year. The level of the Elevate grant for 2010/11 has been confirmed. In addition the Disabled Facilities Grant (DFG) has also been confirmed with a further application of £250k yet to be approved (this additional allocation if received will be added to the capital programme).
- 3.5 Best estimates have been made of future resources available to Council in order to fund the capital programme. In the current economic climate there is some uncertainty surrounding the Council's ability to generate resources from property related assets. With this in mind regular reporting will be made to Members as to resources available to the Council.
- 3.6 Members should also be aware of the unforeseen events and in particular emergency works. In this regard further consideration will be made regarding the level of the Council's general reserves.

4. BACKGROUND AND OPTIONS

4.1 Estimated Capital Expenditure and available Resources

- 4.1.1 Appendix 1 details the capital programme estimates and funding resources forecast over 2010/11 to and 2012/13.

4.2 Capital Receipts

- 4.2.1 Assumptions for capital funding receipts over the next three years are as follows:
- As last year a prudent view of £100k per annum has been taken of the Council's ability to raise capital receipts from land sales due to in particular the current economic situation and its impact on the property market.
 - Housing stock right to buy changed in 2006/07 following the LSVT and was replaced by the 5 year negotiated settlement with Greenvale homes of a £4.5M maximum receipt over a 5 year period. At the end of the 4th year (March 2010) the Council is forecast to have received c. £4,145k, leaving £355k to be received over the final year 2010/11. Given that we are forecast to receive only £114k in 2009/10, we have projected £100k for the final year

2010/11. Over the 5 year agreement we are therefore unlikely to receive the target of £4.5M.

- No receipt is assumed in relation to the Valley Centre scheme due to uncertainties as to timing. However, as any receipt is earmarked for accommodation there is no impact on the overall availability of resources.
- Resources also arise from the Council's ongoing partnership agreements with Green Vale Homes (GVH) in particular the Council's VAT share entitlement. This receipt is treated as a revenue with £350k being allocated to additional pensions and the balance as a revenue contribution to the capital programme. Current capital contribution estimates are £170k per year (based on GVH estimates).
- As noted above the council has yet to be notified of its Regional Housing Pot grant. ELEVATE is confirmed at £1.9M for 10/11 only thereafter no assumptions have been made beyond. Any future receipts will be matched with additional spend. Disabled Facilities Grants have been confirmed as £353k for 2010/11 and are assumed to continue into future years.
- The summary of estimated available resources for 10/11 and future years together with estimated expenditure is noted below. The estimated net deficit is as follows:

	2010/11	2011/12	2012/13
	£000	£000	£000
Expenditure	3,685	1,053	883
Resources	3,971	623	623
Surplus /(Deficit)	286	(430)	(260)

- The cumulative deficit over the 3 years is therefore £404k unless other receipts are generated or the expenditure programme reduced.

4.3 Capital Expenditure

4.3.1 Appendix 1 outlines the capital programme and the funding sources estimated to be available for the next three years. This programme builds on schemes established last year, concentrating on key risk issues identified through ongoing business planning, service review processes and Council priorities. There are no new project proposals to be funded from Council resources. This proposed programme does not include any proposals in relation to leisure facilities or accommodation (both of these being subject to separate business cases).

4.3.2 2010/11 will be the final year for a number of schemes within the capital programme as they were approved for five years from 2006/07. The working assumption has been to include them in the 2011/12 programme and beyond. This will be subject to available resources, but the ambition is to continue funding the following schemes:

- Playgrounds (£50k pa)
- Cemeteries (£30k pa)
- Car Parks (£30k pa)
- Capital Maintenance (£200k pa)

4.4 Net position

- 4.4.1 Based on the above assumptions of capital expenditure requirements and available capital receipts over the years 2010/11 to 2012/13 there is a cumulative deficit in capital resources of £404k. However, this does not take account of any slippage in the programme and a prudent view has been taken on capital receipts, based on 09/10 experiences. Given these assumptions and actions this degree of “over programming” can be considered acceptable. However, it would not now be prudent to add any further items to the programme, without either specific financial resources attached to them, or reductions being made in other projects.
- 4.4.2 The position of the capital programme will be kept under review during 2009/10 in the light of progress made in relation to the delivery of additional capital receipts.
- 4.4.3 Members should note that investment delays in the 2009/10 capital have been carried forward into the 2010/11 programme (see Appendix 1). Members are therefore asked to recommend the carry forward of this expenditure to Full Council.

4.5 Other information

- 4.5.1 The Council needs to be aware that the capital programme does not make any assumptions in terms of leisure facilities both in terms of resources and expenditure. Any investment in leisure will be considered separately in light of the financial business case and any other resources made available. Appendix 5 of the 2010/11 Budget and Council Tax report on this Cabinet agenda summaries the current position regarding the 2009/10 Leisure Review.
- 4.5.2 Operational fleet vehicles have recently been tendered. The majority of vehicles have in the past been leased. However, options appraisals have identified that it is more beneficial to use the Council’s borrowing powers to take advantage of current low interest rates.

COMMENTS FROM STATUTORY OFFICERS:

5. SECTION 151 OFFICER

- 5.1 Financial matters are dealt within the report.

6. MONITORING OFFICER

- 6.1 Unless specifically commented upon within the report, there are no implications for consideration.

7. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

7.1 Unless specifically commented upon within the report, there are no implications for consideration.

8. CONCLUSION

8.1 That resources are available to meet the currently proposed capital programme for 2010/11. However, there will need to be a continued and sustained effort to realize major capital receipts in order to both maintain the ongoing programme, and to deliver more aspirational schemes for capital investment and avoid longer term borrowing, which will have a negative impact on the revenue budget and hence the level of council tax.

9. RECOMMENDATIONS:

9.1 That the following capital expenditure be recommended for 2010/11 (excluding 09/10 slippage):

Detail	£000's
Vehicle replacement Programme (07/08 - 5 year programme)	0
Playgrounds (06/07 - 5 year programme)	50
Cemeteries (06/07 - 5 year programme)	30
Pride in Rossendale Programme (08/09 – 4 year programme)	80
Pathways (06/07 - 5 year programme)	30
Wheeled Bins (06/07 - 5 year programme)	45
Bacup Town Centre Culvert	0
Sport Playing Fields (06/07 - 5 year programme)	45
Museum (06/07 - 5 year programme)	15
Car Park Upgrading (06/07 - 5 year programme)	30
Building Maintenance (06/07 - 5 year programme)	200
War Memorials (08/09 - 4 year programme)	5
Total	530

9.2 To recommend the approval of the ELEVATE and Disabled Facilities capital programme.

9.4 To recommend that subject to confirmation of the final Housing Programme grants shown in Appendix 1, the housing programme is approved, and the Head of Financial Services be authorised to amend the programme in the light of final grant allocations.

- 9.5 To agree that the 2009/10 capital programme, not incurred in 2009/10, be carried forward to 2010/11.
- 9.6 That the Cabinet's Capital Monitoring Group meets at regular intervals during 2010/11 to review capital expenditure and resources, and report back to Members any material findings and recommendations.
- 9.7 That given the Councils ability to access low interest rates that Members approve, when beneficial, a transfer from lease financing arrangements to purchase.

10. CONSULTATION CARRIED OUT

- 10.1 As per the budget consultation guidelines

11. COMMUNITY IMPACT ASSESSMENT

Is an Community Impact Assessment required Yes / No

Is an Community Impact Assessment attached Yes / No

12. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required Yes / No

Is a Biodiversity Impact Assessment attached Yes / No

(nb – subject to the specific procurement requirements, biodiversity will be a consideration)

Contact Officer	
Name	Philip Seddon
Position	Head of Financial Services
Service / Team	Finance
Telephone	01706 252465
Email address	philseddon@rossendalebc.gov.uk

Either

Background Papers	
Document	Place of Inspection
Budget Consultation / Working Papers	Website / Finance Office

Capital Programme Projects 2010/11 - 2012/13

Schemes	Prog Total £000	2009/10	2010/11	2010/11	2011/12	2012/13
		slippage £000	orig £000	Total (+ Slippage) £000	Total £000	Total £000
SS & NS						
Vehicle replacement Programme	170		0	0	170	0
Playgrounds (5 years from 06/07)	150		50	50	50	50
Cemeteries (5 yrs from 06/07)	90		30	30	30	30
Pathways (5 yrs from 07/08)	90		30	30	30	30
Wheeled Bin (5 yrs from 06/07)	135		45	45	45	45
Pride in Rossendale (4 yrs from 08/09)	240		80	80	80	80
Bacup Town Centre Culvert	0		0	0	0	0
Sports playing Fields (5 yrs from 07/08)	135		45	45	45	45
ELEVATE - Environmental Projects	200		200	200	0	0
CCTV	0		0	0	0	0
	1,210	0	480	480	450	280
Communities & Partnership						
Museum	45		15	15	15	15
	45	0	15	15	15	15
Regeneration						
Car Park upgrading (5yrs from 06/07)	90		30	30	30	30
Sustainable Economic Development Programme	0		0	0	0	0
	90	0	30	30	30	30
Corporate						
Building Maintenance (5 yrs from 06/07)	600		200	200	200	200
Emergency Works	0		0	0	0	0
War Memorials	15		5	5	5	5
	615	0	205	205	205	205
Housing						
Disabled Facilities Grants (DFGs)	1,059		353	353	353	353
CPO- vacant properties	220		220	220	0	
Homecare Agency	30		30	30	0	
Equity Release/Decent Homes assistance	275		275	275	0	
Capital Works slippage RBC funded	371	371	0	371	0	
Bacup & Stacksteads Pathfinder	1,706		1,706	1,706	0	
	3,661	371	2,584	2,955	353	353
Expenditure Grand Total	5,621	371	3,314	3,685	1,053	883