

TITLE: 2006/07 CAPITAL PROGRAMME

TO/ON: CABINET – 29TH MARCH 2006

BY: HEAD OF FINANCIAL SERVICES

PORTFOLIO HOLDER: LEAD MEMBER FOR FINANCE & RISK MANAGEMENT

STATUS: FOR PUBLICATION

1. PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to advise Officers / Members of the council on:
- Capital expenditure estimates and resources for 2006/07
 - Capital expenditure estimates and resources for the medium term 2007/08 & 2008/09.

2. RECOMMENDATIONS

- 2.1.1 To approve additional Capital programme for 2005/06 as follows:

Detail	£000's
Refuse Collection Vehicle Lease Buy out	277
Playgrounds (5 year programme pa)	50
Cemeteries (5 year programme pa)	30
Building Capital Programme (5 year programme pa)	200
Museum (4 year programme pa)	15
Upgrade Borough Car Parks (5 year programme pa)	30
Private Sector Housing Renewal (<i>in addition £685k funded from Housing Capital Allocation</i>)	177
Total	779

3. REPORT AND REASONS FOR RECOMMENDATIONS AND TIMETABLE FOR IMPLEMENTATION

3.1 Estimated Capital Expenditure and available Resources

3.1.1 Appendix 1 details the capital programme and funding resources forecast and estimates over 2006/07, 2007/08 and 2008/09.

3.2 Capital Receipts

3.2.1 Assumptions for capital funding receipts over the next three years are as follows:

- a prudent view of £100k per annum has been taken of the Councils ability to raise capital receipts from land sales due to the immediate impact of the Lancashire Structure Plan, though it could reasonable be expected to improve over the medium term.
- Forecast resources also include a minimum £1m from the disposal of the Council's Rawtenstall Town Hall site prior to redevelopment. This is purely a speculative figure as no firm information is yet available.
- Housing stock right to buy in 2006/07 will no longer be applicable but is replaced by the 5 year negotiated settlement with Greenvale homes of £900k pa.
- The council has been notified of its Housing capital grant allocation of £685k plus £203k Disable Facilities Grant. The assumption is that this level will be available for 2007/08 and 2008/09 and will be used primarily to support the Private Sector Housing capital programme.
- Grants for 06/07 which have been previously notified and other estimates made for following years as follows:

	Total Capital Costs £000	Notified 2006/07 £000	Estimate 2007/08 £000	Estimate 2008/09 £000
NWDA/ERDF	9,766	2,976	3,320	3,470
Office of Deputy Prime Minister	2,784	1,008	888	888
Miscellaneous	750	250	250	250
Commercial Lenders for decent homes	864	264	300	300
TOTAL	14,164	4,498	4,758	4,908

3.3 Capital Expenditure

3.3.1 Appendix 1 outlines in detail individual capital projects recommended for approval and the funding sources. This is a relatively limited programme concentrating on key risk issues identified through the ongoing business planning and service review process.

- 3.3.2 *Refuse Collection - £277k 06/07*: represents the buy out of leased vehicles. Previous reports into the refuse fleet have raised concerns over the suitability of a number of vehicles. The buyout allows for the replacement of 6 frontline vehicles funded from existing revenue budgets
- 3.3.3 *Playground Equipment - £50k pa 5 year programme*: replaces an historical capital programme cut in previous years and supplements an £18k existing revenue provision. This is the start of an annual 5 year commitment to improve playground facilities within the borough and reduces the Councils risk exposure in this area.
- 3.3.4 *Cemeteries - £30k 5 year programme*: The council has recently commissioned a survey on the condition of headstones within its cemeteries. The capital budget is the start of a 5 year commitment to amongst other things rectify any health and safety issues regarding dangerous headstones.
- 3.3.5 *Building Capital Programme - £200k pa 5 year programme*: the Council is currently concluding a stock condition survey of its entire buildings portfolio. In addition Officers have been tasked with developing an asset management plan to deal with the results of the condition survey and to take a planned and proactive approach to building maintenance. The commitment of £200k pa for the next five years allows some resource to this project. Actual final need will be reported to Members when final details are available. Previous condition surveys specifically within leisure have identified a capital spend need of £1.8m. Some of this need is being rectified by plans to improve Haslingden Sports facility funded by the use of prudential borrowing.
- 3.3.6 *Museum - £15k pa 4 year programme*: The museum is currently managed by Lancashire County council who have identified over £60k of building works. The suggested budget over the following 4 years should enable the works to be completed in a reasonable and controlled manner
- 3.3.7 *Upgrade Borough Car Parks - £30k pa 5 year programme*: Car park site investigations have identified the need for a refurbishment programme involving a number of car parks within the borough. The proposed capital budget will kick start the improvement programme to significantly improve these public facilities.
- 3.3.8 *Private Sector Renewal (PSR)*: As part of the Stock Transfer process the Council has made a commitment to speed up the process of disabled adaptations. In view of this the Council increased its bid for Government resources but this has only resulted in a nominal increase (£203k re 06/07 Disable Facilities Grant). A potential risk arising from this is that the increased demand will outstrip allocated budget which in turn will create a large commitment for future years. At the time of writing Housing Market Renewal resources for 07/08 have not been confirmed but the PSR team are seeking a substantial increase on this years allocations. There is a substantial commitment to Decent Homes Assistance which needs to be supported if we are to achieve the Government's Decent Homes targets. The Council's support for the Private Sector Housing Renewal function and programme will be taken into account in the forthcoming Audit Commission inspection of the Strategic Housing Service and will be a key factor in the CPA judgement.

3.4 Net position

- 3.4.1 Based on the above assumptions of capital expenditure requirement and available capital receipts over the years 2006/07 to 2008/09 there is a cumulative surplus in capital resources of **£2.1m** by March 2007 and **£4.0m** by March 2009.

3.5 Proposed Capital spend for 2006/07

- 3.5.1 Appendix 1 highlights a capital investment request of £779k to be financed by RBC resources. In addition to these Capital approvals for 06/07 (2.1.1), £600k is carried forward from previous years, being:

	£000's
Whitworth Town Hall	320
Private Sector Renew – b/forward	280
Total	600

- 3.5.2 **Private Sector Housing Renewal 06/07 allocation** - £685,000 Housing Capital Allocation from ODPM to be used to support the PSHR programme, £203,000 of Disabled Facilities Grants have been allocated representing 60% of the funding, the balance £135,000 coming from Rossendale Borough Council resources in addition to £280,000 under spend from previous years.

4. CORPORATE IMPROVEMENT PRIORITIES

4.1 FINANCE AND RISK MANAGEMENT

- 4.1.1 See main report

4.2 MEMBER DEVELOPMENT AND POLITICAL ARRANGEMENTS

- 4.2.1 Members should ensure that financial resources are directed towards the Councils' corporate priorities.

4.3 HUMAN RESOURCES

- 4.3.1 No material issues.

4.4 ANY OTHER RELEVANT CORPORATE PRIORITIES

- No other material issues.

5. RISK

- 5.1.1 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.
- 5.1.2 The Council can do this by prioritising its capital assets over the medium term. This requires focus not just on the immediate issue but on those issues emerging over the medium term.

6. LEGAL IMPLICATIONS ARISING FROM THE REPORT

- 6.1 No material issues

7. EQUALITIES ISSUES ARISING FROM THE REPORT

- 7.1 No material implications

8. WARDS AFFECTED

- 8.1 All Wards

9. CONSULTATIONS

- 9.1 Members
- 9.2 Officers

Background documents:

None

For further information on the details of this report, please contact:

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