

**FINANCE, AUDIT AND PERFORMANCE COMMITTEE– 10 DECEMBER 2012**

**REPORT OF THE DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)**

**RE: CAPITAL PROGRAMME 2012/2013 TO 2015/16**

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**1. PURPOSE OF REPORT**

1.1 To consider the Capital Programme for the years 2012/13 to 2014/15.

**2. RECOMMENDATIONS**

2.1 That the Committee consider the proposed Capital Programme for the years 2012/13 to 2015/16 ahead of submission to Council.

**3. BACKGROUND**

3.1 Requests for capital projects have been submitted by project officers and reflect outcomes from the officers Capital Forum Group. The attached programme in Appendix A assumes a virtual standstill position on schemes for future years. Projects have been re-profiled in line with the latest spending and external funding forecasts.

3.2 The pressure on future funding of the capital programme and the depletion of reserves and has been raised with members and reported to Council.

3.3 The programme assumes sites which have been recommended for sale by the Strategic Asset Management Group are sold between 13/14 to 15/16

3.4 Within the current financial year there may be an under spend on Private Sector Housing on minor and major works of around £50,000. Cases are now reported through the Papworth Trust instead of the "Care of Repair Agency". It is hoped that the time taken between approving grants and works being undertaken will reduce. Additionally Papworth will be paid on percentage basis per case. It is therefore anticipated that the referrals will be processed more efficiently. The DFG budget has therefore been adjusted to reflect this.

3.5 The HRA capital programme has been based on the HRA Business plan and the outcomes of the stock condition survey. The current profile of the stock condition survey is being reviewed to take into account work that has already been completed as part of the 11/12 programme. Additional schemes may be considered following the results of the tenant consultation on HRA spend.

3.6 The programme includes the capital cost of the new leisure centre. This has been estimated at £7,500,000 (the "essential" scheme). Short term financing arrangements will have to be put in place to cover capital costs before funding is obtained from the sale of current Leisure Centre site receipts from the Bus Station Development.

3.7 It should be noted that at the request of members, the “Members IT” capital project has been removed from the proposed programme.

#### **4.0 Programme to 2016-17 – Funding Implications**

4.1 The estimated impact of the proposed programme on the Capital Receipts reserve is summarised in Table 1. Based on Current expenditure proposals the reserve will be fully utilised in 2014/15. Receipts assumptions are based on the following:

- Right to buy sales of £100,000 per annum;
- Disposal of the current depot site in March 2014 for £2,250,000;
- A receipt of £1,800,000 for the current leisure centre site in 2015/16; and
- Bus Station Development receipts of £2,750,000 phased between 2014/15 and 2016/17.

Table 1

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	£000's	£000's	£000's	£000's
Opening Bal	1,049	449	1,591	0
Receipts	2,400	2,646	1,795	1,900
Funding used	3,000	1,504	3,386	0
Debt Repayment	0	0	0	1,900
CI (Bal)	449	1,591	0	0

4.2 Due to the phasing of capital receipts, additional short term borrowing of £2,514,000 will be needed to fund the current programme. This will have to be repaid in 2015/16 and 2016/17. The cost of this borrowing (based on current rates) is estimated to be £25,000 in 2014/15 and £88,000 in 2016/17.

#### **5.0 New Bids**

5.1 The following new capital bids were received as part of the budget setting process:-

##### A. Wheeled Bins

Supply of containers for new properties built for SUE's at Burwell and Earl Shelton in accordance with the April 2012 trajectory. If development takes place the gross costs are estimated to be £37,924 between 2013/14 and 2015/16. Potentially this could be funded from capital reserves.

##### B. Parks and Open Spaces

Upgrade Parks and Open Spaces from agreed s106 contributions. Associated maintenance costs excluding inflation have also been earmarked for 20 years.

The estimated capital costs are summarised below:-

Description	£000's 2013/14	£000's 2014/15	£000's 2015/16	£000's Total
Queens Park - Site improvements	0	0	16	16
Clarendon - Creating a community park	0	5	27	32
Richmond - Play area improvements	0	20	0	20
Preston Way - Play area and other site improvements	51	0	0	51
Waterside - Site improvements (subject to adoption)	0	1	0	1
Hollycroft - Landscaping	3	0	0	3
Brodock Rd and Langdale Landscaping	2	0	0	2
Derby Rd New play area	3	7	0	10
	<b>59</b>	<b>33</b>	<b>43</b>	<b>135</b>

## 6.0 Financial Implications (IB)

6.1 Capital resourcing and borrowing implications arising from this report will be reflected within the Medium Term Financial Strategy and the Prudential Code (Treasury Management) report.

### General Fund

6.2 The additional cost of borrowing in 2013/14 will be £52,890 (MRP of £25,550 and estimated interest of £27,340).

6.3 If capital receipts are not realised, additional borrowing costs will be incurred. Alternately the current programme will need to be reduced. The estimated use of reserves included within the programme are as follows:-

	Current Bal £000's	yr 12/13 £000's	yr 13/14 £000's	yr 14/15 £000's	Total £000's
Commutation & Feasibility Reserve	-288	100	0	0	-188
Special Expenses Reserve	-225	75	0	0	-150
Relocation Reserve	-622	339	0	0	-283
Leisure	-1,059	100	900	0	-59
ICT Reserve	-254	41	0	0	-213
Waste Management Reserve	-243	15	26	32	-170
Grounds Maintenance	-50	14	0	0	-36
	<b>-2,741</b>	<b>684</b>	<b>926</b>	<b>32</b>	<b>-1,099</b>

### HRA Capital

6.5 Funding for the HRA capital programme will be met from the HRA Major Repairs Reserve. The position allows the full balance of the "Regeneration Reserve" and headroom under self financing to remain available for other schemes.

## 7.0 Legal Implications (AB)

7.1 None arising directly from the report.

## 8.0 Corporate Plan Implications

8.1 The report provides a refresh of the Council's rolling Capital Programme. Any item included in the programme has to contribute to the achievement of the Council's vision, as set out in the Corporate Performance Plan.

## 9.0 Consultation

9.1 Expenditure proposals contained within this report have been submitted after officer consultation. Appropriate consultation with relevant stakeholders takes place before commencement of individual projects.

## 10.0 Risk Management

10.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

10.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision/project have been identified, assessed and that controls are in place to manage them effectively.

<b>Management of Significant (Net Red) Risks</b>		
<b>Risk Description</b>	<b>Mitigating actions</b>	<b>Owner</b>
If the schemes were not implemented this would impact on Service Delivery. It would also mean an inability to meet corporate plan objectives and have an impact on the reputation of the Council.	Projects are to be managed through an officer capital forum group and reported to SLB on a quarterly basis. Monthly financial monitoring statements are provided to project officers and the programme will now be reviewed twice a year.	Individual Project Officers/ Capital Forum
The risk of external funding not being granted. This would result in additional borrowing costs in the short term if funding is delayed or long term if funding is withdrawn.	Six monthly review of capital programme would mean that it is easier to switch resources.	Project Officer / Accountancy section
Risk of Capital Receipts not being realised.	The Executive approve the disposal of surplus assets as recommended by the Asset Management Strategy Group	Estates and Asset Manager/Deputy Chief Executive (Corporate Direction)

## **11.0 Knowing Your Community – Equality and Rural Implications**

11.1 The programme contains schemes which will assist in equality and rural development. Equality and rural issues are considered separately for each project.

## **12. Corporate Implications**

12.1 The Council has an agreed corporate approach to project management. This approach has been developed in collaboration with the Leicestershire and Rutland Improvement Partnership. This approach ensures that a consistent and coherent approach is applied across the Council (and across the county).

12.2 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

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**Background Papers:** Capital Estimates 12/13 – 15/16

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