



1.0 PURPOSE OF REPORT

1.1 To consider the Capital Programme for the years 2012/13 to 2015/16.

2.0 RECOMMENDATIONS

2.1 Council approve the Programme detailed in Appendix A.

2.2 Members note the balances within the Capital Receipts Reserve detailed in Table 1 below.

2.3 Council approve the new bid of £37,924 for Wheeled Bins, to be funded from the Waste Management Reserve as detailed in section 5.1 below.

2.4 Council approves the new bids of £129,000 for Parks and Open Space projects as long as they can be funded by developer contributions as detailed in section 5.1 below.

3.0 BACKGROUND TO THE REPORT

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 has been raised previously with members and reported to Council.

3.3 The programme assumes sites which have been recommended for disposal by the Strategic Asset Management Group.

3.4 Within the current financial year there may be an under spend on Private Sector Housing on minor and major works of around £90,000. 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 the Papworth Trust will be paid on a percentage basis per case. It is therefore anticipated that the referrals will be processed more efficiently. The Disability Facilities Grant (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. Additionally, changes 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 and the capital receipt 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 2015/16 – 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. The assumption of Capital Receipts are as follows:

- 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 in 2014/15 and 2016/17.

Table 1

	2012/13	2013/14	2014/15	2015/16
	£000's	£000's	£000's	£000's
Opening Bal	1,049	595	1,737	0
Receipts	1,609	3,569	1,795	1,900
Funding used	2,063	2,427	3,527	0
Debt Repayment	0	0	0	1,900
CI (Bal)	595	1,737	0	0

- 4.2 Due to the phasing of capital receipts, additional short term borrowing of £2,368,000 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 £23,690 in 2014/15 and £82,900 in 2015/16. This requirement is within the Council’s borrowing limits that will be set out within the Councils Treasury and Prudential Indicator Report.
- 4.3 The above reserve excludes any amounts that will need to be set aside specifically for new social housing provision. As a result of the HRA self financing, Pooling and Right to Buy regulations have been changed. The net result is an element of receipts above the assumptions made in the self financing settlement can be retained by local councils as long as these receipts are used to fund new social housing provision. Currently the amount in this reserve is £24,000. These receipts have to be seventy per cent match funded by either the Council or the social provider.

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 Barwell and Earl Shilton 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. This could be funded from Waste Management Reserve.

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 schemes will be funded from section106 contributions so there will be no additional capital cost from HBBC resources.

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
Derby Rd New play area	3	7	0	10
	54	32	43	129

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 £54,780 (MRP of £25,550 and estimated interest of £29,230).

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	yr 15/16 £000's
Commutation & Feasibility Reserve	-288	85	0	0	0
Special Expenses Reserve	-225	75	0	0	0
Relocation Reserve	-622	348	0	0	0
Leisure	-1,059	100	900	0	0
ICT Reserve	-254	41	0	0	0
Waste Management Reserve	-243	0	15	26	32
PDG Reserve	-172	15	0	0	0
Grounds Maintenance	-50	14	0	0	0
	-2,933	678	915	26	32

HRA Capital

6.5 For 2013/14 an additional borrowing cost of £24,500 has been included. Funding for the rest of the HRA capital programme will be met from the HRA Major Repairs Reserve and the Regeneration Reserve. The position allows 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 IMPLICATIONS

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.

Management of Significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
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.

12.0 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

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

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