

Subject: Capital Programme 2008/09 and Beyond

Status: For Publication

Report to: The Cabinet

Date: 20th February 2008

Report of: The Head of Financial Services

Portfolio

Holder: A Well Managed Council

Key Decision: No – Recommendation to Full Council

Forward Plan General Exception Special Urgency

1. PURPOSE OF REPORT

- 1.1 The purpose of the report and advise Members of Cabinet recommendations to Council on:
- Capital expenditure estimates and resources for 2008/09
 - Capital expenditure estimates and resources for the medium term 2009/10 & 2010/11

2. CORPORATE PRIORITIES

- 2.1 The matters discussed in this report impact directly on the following corporate priorities and associated corporate objective.
- Delivering Quality Services to Customers (Customers, Improvement)
 - Delivering Regeneration across the Borough (Economy, Housing)
 - Keeping Our Borough Clean and Green (Environment)
 - Promoting Rossendale as a cracking place to live and visit (Economy)
 - Improving health and well being across the Borough (Health, Housing)
 - Well Managed Council (Improvement, Community Network)

3. RISK ASSESSMENT IMPLICATIONS

- 3.1 All the issues raised and the recommendation(s) 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.
- 3.4 The Housing Capital Grants allocations (both General and ELEVATE) have not yet been finalised, and indications are that the general grant is likely to decline over the planning period. Council recommendations are subject to the confirmation of current assumptions

4. BACKGROUND AND OPTIONS

4.1 Estimated Capital Expenditure and available Resources

- 4.1.1 Appendix 1 details the capital programme and funding resources forecast and estimates over 2008/09 to and 2010/11.

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 the immediate impact of the Lancashire Structure Plan, though it could reasonably be expected to improve over the medium term.
 - Forecast resources continue to also include proceeds from the disposal of the Council's Rawtenstall Town Hall site prior to redevelopment. *NB – A purely speculative figure has been assumed as no firm information is yet available – the Council has previously appointed property experts to advise the Council specifically on the value of its Valley Centre assets.* This was part of the previously reported accommodation strategy estimated receipts.
 - 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 £900k pa.
 - Resources also arise from the Councils' ongoing partnership agreements with Green Vale Homes in particular the Councils' VAT share entitlement and contributions to affordable housing. The details as to the use of these resources were previously reported to Members in June 2006.
 - The council has yet to be notified of its Housing capital grants: ELEVATE, general allocation, estimated at £650k and £231k estimated re Disabled Facilities Grants. The assumption is that this level will also be available for 2009/10 and 2010/11 and will be used primarily to support the Private Sector Housing capital programme.
 - Brownfield Recycling Programme – NWDA funding has now been unlocked subject to individual scheme approval. The following is an estimate of activity.
 - The above resources for 08/09 which have been previously notified and other estimates made for following years are therefore as follows:

	Total £000	2008/09	2009/10	2010/11
		Total £000	Total £000	Total £000
Resources				
Grants / Third Party Support				
ELEVATE	6,573	2,191	2,191	2,191
DFGs	693	231	231	231
Capital Grants	1,650	650	500	500
Brown Fields Recycling Programme	3,743	1035	1823	885
Equity Release	900	300	300	300
	13,559	4,407	5,045	4,107
RBC Receipts				
RTB - Contractual	2,700	900	900	900
RTB - Surplus	1,057	538	409	110
VAT Shelter	1,710	560	570	580
General surplus asset disposals	1,300	1100	100	100
	20,326	7,505	7,024	5,797

4.2.2 In addition to the above resources 2006/07 saw the use of capital receipts to the value of £2,326k to offset internal borrowings (Capital Finance Requirement). This technical adjustment resulted in the deferral of the Minimum Revenue Provision. It is anticipated that c. £400k will reverse in 2007/08. Subject to the availability of new capital resources, some of this previous adjustment maybe further reversed to finance the continuing capital programme.

4.3 Capital Expenditure

4.3.1 Appendix 1 also outlines in detail individual capital projects recommended for approval, together with the existing approved programmes and the funding sources. This programme builds on that established last year, concentrating on key risk issues identified through the ongoing business planning, and service review processes and Council priorities. New projects are as follows:

4.3.2 *Emergency Works (£100k)* – General contingency for emergency repair works

4.3.3 *DDA Compliance (£60k)* – Final capital requirements in order to achieve 100% compliance for Council premises requiring public access.

4.3.4 *Vehicle replacement (£805k over 5 years)* – creation of a rolling programme of replacement within Street Scene, subject to an options appraisal re purchase and lease.

4.3.5 *CCTV Upgrade and refurbishment (£51k)* – transfer from analogue technology to digital together with the replacement of 8 camera heads.

4.3.6 *Environmental Projects (£80k pa over a 4 year period)* – Supporting the “Pride in Rossendale” theme.

4.3.7 *War Memorials (£30k over next 5 years)* – Supporting the “Pride in Rossendale” theme, recognising those service men and women how have lost their lives since 1945.

4.3.8 *IT Upgrades (£35k)* – being amongst other things, support equipment to democratic services and property services.

- 4.3.9 *Disabled Facilities Grants (£385k)* – of which 60% is covered by Disabled Facilities Capital Grant, therefore £154k is financed from Council resources
- 4.3.10 *Private Sector Renewal (£500k)* – On the assumption that this is fully supported by the Capital Housing Grant (£650k)
- 4.3.11 *Brownfield's Recycling Programme (£3,743k over 3 years)* – On the assumption of individual scheme approval by NWDA. No expenditure will be incurred prior to grant approval

4.4 Net position

- 4.4.1 Based on the above assumptions of capital expenditure requirement and available capital receipts over the years 2008/09 to 2010/11 there is a cumulative deficit in capital resources of £306k. However, this does not take account of any slippage in the programme and a prudent view on capital receipts and the use of internal borrowing facilities of £2.3m (see 4.2.2 above). Given these assumptions 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. This position will be kept under review in the light of progress made in relation to the delivery of additional capital receipts.
- 4.4.2 In addition the Council needs to be aware of resources previously earmarked (£1.6m) as part of its accommodation strategy (see 4.2.1 above)

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 ORGANISATIONAL DEVELOPMENT (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. However, there will need to be a continued and sustained effort to realize major capital receipts in order to both maintain ongoing programmes and deliver more aspirational schemes for capital investment.

9. RECOMMENDATION(S)

9.1 That the following capital expenditure be agreed for 2008/09:

Detail	£000's
Vehicle replacement Programme (5 year programme)	805
Environmental Improvement Programme (4 year programme)	320
CCTV	51
Emergency Works	100
DDA Work	60
IT Upgrade	35
War Memorials (5 year programme)	30
Total	1,401

9.2 That subject to confirmation of grants the Brownfield's Recycling Programme and the Housing Programme (including the ELEVATE funded Environmental programme) as in Appendix 1 be approved, and that the Head of Financial Services be authorised to amend the programme in the light of final grant allocations.

10. CONSULTATION CARRIED OUT

10.1 As per the budget consultation guidelines

11. EQUALITY IMPACT ASSESSMENT

Is an Equality Impact Assessment required Yes / No

Is an Equality 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
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Background Papers	
Document	Place of Inspection
Budget Consultation	Website / Finance Office