

Subject: Capital Programme 2009/10

Status: For Publication

Report to: The Cabinet

Date: 18th February 2009

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 allow the Cabinet to agree recommendations to Full Council in relation to the capital expenditure estimates and resources for 2009/10.
- 1.2 To advise Members of the proposed capital expenditure and resources for the medium term 2010/ 11 & 2011/12 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 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 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.
- 3.4 The Housing Capital Grant allocations (Regional Housing Pot (RHP) and Elevate) have not yet been finalised. We have been in discussion with the Regional Assembly who has advised that final allocation will be announced later this month (February 2009); until then, they can only guarantee that the RHP grant will not be less than 65% of the current allocation. There is also uncertainty as to the level of the Elevate grant for 2009/10, again confirmation is expected at the end of February 2009. However, the Disabled Facilities Grant (DFG) will increase by £59,000 in 2009/10.
- 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 2009/10 to and 2011/12.

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 £4.5M over a 5 year period. At the end of the 3rd year (March 2009) the Council is forecast to have received c. £3,950k, leaving £550k to be received over the next 2 years.

- 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 Councils' ongoing partnership agreements with Green Vale Homes in particular the Councils' VAT share entitlement. This receipt is treated as capital with £350k being allocated to additional pensions and the balance as a revenue contribution to the capital programme. Current estimates are £210k per year.
- As noted above the council has yet to be notified of its Housing capital grants: ELEVATE and Regional Housing Pot (estimated at £2,191 and £550k). Disabled Facilities Grants have been confirmed as £353k for 2009/10. The assumption is that these levels will also be available for 2010/11 and 2011/12 and will be used primarily to support the Private Sector Housing capital programme.
- Rossendale Sustainable Economic Development Plan (RSEDP) – North West Development Agency funding has now been unlocked with Rossendale Business Village (Haslingden) £820k being approved with further schemes subject to individual scheme approval.
- In summary in estimate of available resources for 09/10 and future years and the net deficit is as follows:

	Total £000	2008/9	2009/10	2009/10	2010/11	2011/12
		slippage £000	orig £000	Total £000	Total £000	Total £000
Grants / Third Party Support						
ELEVATE	6,573		2,191	2,191	2,191	2,191
DFGs	1,059		353	353	353	353
Capital Grants	1,715	59	552	611	552	552
R S Economic Development Programme	3,643	935	1823	2758	885	0
	12,990	994	4,919	5,913	3,981	3,096
RBC Receipts						
Right To Buy Receipts	550		200	275	275	0
VAT Shelter rev' contribution after pension payment	630		210	210	210	210
General surplus asset disposals	300		100	100	100	100
RBC Useable Capital Receipts b/fwd	276	276		276		
	14,746	1,270	5,429	6,774	4,566	3,406
(Deficit) / Surplus: Resources less Expe	(534)			(574)	55	(15)
Cumulative Deficit				(574)	(519)	(534)

4.3 Capital Expenditure

4.3.1 Appendix 1 outlines the capital programme and the funding sources 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.

4.3.2 In 2010/11 a number of schemes will fall out of the capital programme as they had been approved for five years from 2006/07. They have not been included in the 20011/12 programme and beyond, however, subject to resources 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 2009/10 to 2011/12 there is a cumulative deficit in capital resources of £534k, with £574k occurring in 2009/10. However, this does not take account of any slippage in the programme and a prudent view has been taken on capital receipts, based on 08/09 experiences. That said officers have taken advantage of Public Works Loan Board facilities of £1.5m at 0.89%, for 1 year, as interim gap funding. 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 This 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 2008/09 capital have been carried forward into the 2009/10 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, accommodation strategy or non-property assets. These issues will be considered separately

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. However, there will need to be a continued and sustained effort to realise 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 to Council for 2009/10 (excluding 08/09 slippage):

Detail	£000's
Vehicle replacement Programme (07/08 - 5 year programme)	55
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	125
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	710

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

- 9.3 To recommend to Council to agree that 2008/09 capital programme, not incurred in 2008/09, be carried forward to 2009/10
- 9.4 That the Cabinet's Capital Monitoring Group meets quarterly during 2009/10 to review capital expenditure and resources, and reports back to Members any material findings and recommendations.

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

Either

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

Capital Programme Projects 2009/10 - 2011/12

Schemes	Total £000	2008/9	2009/10	2009/10	2010/11	2011/12
		slippage £000	orig £000	Total (+ Slippage) £000	Total £000	Total £000
SS & NS						
Vehicle replacement Programme	225	0	55	55	0	170
Playgrounds (5 years from 06/07)	100	0	50	50	50	0
Cemeteries (5 yrs from 06/07)	100	40	30	70	30	0
Pathways (5 yrs from 07/08)	150	60	30	90	30	30
Wheeled Bin	90	0	45	45	45	0
Environmental Improvement Programme	332	92	80	172	80	80
Bacup Town Centre Culvert	125		125	125	0	0
Sports playing Fields (5 yrs from 07/08)	220	85	45	130	45	45
ELEVATE - Environmental Projects	852		284	284	284	284
CCTV	37	37	0	37	0	0
	2,231	314	744	1,058	564	609
Communities & Partnership						
Museum	30		15	15	15	0
	30	0	15	15	15	0
Regeneration						
Car Park upgrading (5yrs from 06/07)	60		30	30	30	0
Brownfields Recycling Programme	3,643	935	1,823	2,758	885	0
	3,703	935	1,853	2,788	915	0
Corporate						
Building Maintenance (5 yrs from 06/07)	447	47	200	247	200	0
Emergency Works	89	89	0	89	0	0
War Memorials	10		5	5	5	0
	546	136	205	341	205	0
Housing						
Disabled Facilities Grants (DFGs)	1,059		353	353	353	353
CPO- vacant properties	719	59	220	279	220	220
Homecare Agency	96		32	32	32	32
Equity Release/Decent Homes assistance	825		275	275	275	275
Elevate Face lifting Match	75		25	25	25	25
Capital Works slippage RBC funded	275	275	0	275	0	0
Bacup & Stacksteads Pathfinder	5,721	0	1,907	1,907	1,907	1,907
	8,770	334	2,812	3,146	2,812	2,812
Expenditure Grand Total	15,280	1,719	5,629	7,348	4,511	3,421

Capital Programme Resources 2009/10 - 2011/12

	Total £000	2008/9	2009/10	2009/10	2010/11	2011/12
		slippage £000	orig £000	Total £000	Total £000	Total £000
Grants / Third Party Support						
ELEVATE	6,573		2,191	2,191	2,191	2,191
DFGs	1,059		353	353	353	353
Capital Grants	1,715	59	552	611	552	552
R S Economic Development Programme	3,643	935	1823	2758	885	0
	12,990	994	4,919	5,913	3,981	3,096
RBC Receipts						
Right To Buy Receipts	550		200	275	275	0
VAT Shelter rev' contribution after pension payment	630		210	210	210	210
General surplus asset disposals	300		100	100	100	100
RBC Useable Capital Receipts b/fwd	276	276		276		
	14,746	1,270	5,429	6,774	4,566	3,406
(Deficit) / Surplus: Resources less Expenditure	(534)			(574)	55	(15)
Cumulative Deficit				(574)	(519)	(534)

1) 2010/11 is the final year of contractual arrangements re RTB's

2) No assumption on Leisure/accommodation

3) Housing £275k carried forward from 2008/09

4) No assumption has been made re The Valley Centre or Accommodation Strategy