

BROMSGROVE DISTRICT COUNCIL

CABINET

3RD DECEMBER 2008

CAPITAL PROGRAMME 2009/10-2011/12

Responsible Portfolio Holder	Councillor Geoff Denaro
Responsible Head of Service	Jayne Pickering – Head of Financial Services
Non Key Decision	

1. Summary

- 1.1. To provide information to enable the Cabinet to review the position on the Capital Programme for 2009/10-2011/12 and to make recommendations to full Council for its approval.

2. Recommendations

- 2.1. It is recommended that Cabinet recommend to full Council that:
- 2.1.1 The revised Capital Programme for 2009/10 to 2010/11 of £4.064m and £3.407m be noted
- 2.1.2 The Capital Programme for 2011/12 of £1.489m be noted
- 2.1.2 Due to the financial impact of borrowing, Cabinet requests officers to review the position on the Capital Programme with the aim to reduce the proposed Programme and to include only those projects that can be considered as being unavoidable in the delivery of services to the residents.

3. Background

- 3.1. The Council on 16th January 2008 approved a medium term financial plan that included the Capital budget requirements for 2008/09 to 2010/11.
- 3.2. During 2008/09 Cabinet proposed a streamlined set of 4 priorities against the Council objectives for focus of resources which were approved by Full Council on 17th September 2008. These were:
- Town Centre
 - Housing
 - Sense of Community
 - Clean Streets & Climate Change

- 3.3 The Capital Programme resources are to be aligned to the delivery of the priorities for the Council.

4 Capital Programme

- 4.1 As part of the Medium Term Financial Plan 2007/08 members approved a number of criteria in relation to the Capital Programme including:

- The capital programme is limited to £1m per annum funded from the Council's own resources (in order to maximise the investment interest);
- Cabinet give consideration to fund housing grants over and above the £1m.

- 4.2 Cabinet also approved the capital investment criteria (as part of the Capital Strategy) that a scheme should satisfy for inclusion in the capital budget as follows:

- Enable delivery of the Council's priorities
- Maintain existing assets to standards suitable for service delivery.
- Improve and acquire assets to meet service and customer needs.
- Improve the stewardship of assets; spend to save (innovative schemes that will secure the Council a better rate of return than the investment interest earned); to reduce longer-term problems and liabilities.
- Satisfy legal obligations of the Council (e.g. health and safety requirements, and compliance with the disability discrimination legislation).
- Develop community assets in areas of need.
- Maximise the use of other funds to encourage investment in specific areas such as energy efficiency, economic development and infrastructure developments (using funds derived from Section 106 agreements with developers).
- Maximise the benefits of partnership working.

- 4.3 The Capital Programme for 2009/10 and 2010/11 was approved as part of the 3 year Financial Plan for 2008/09. The projects approved are detailed at Appendix A and equate to £2.152m (2009/10) and £1.557m (2010/11). The total schemes are in excess of the £1m target due to the consideration of delivery of priorities and to ensure a replacement programme being available for Street Scene fleet and replacement CCTV cameras.

- 4.4 In September 2008 members approved a revised Capital Programme to realign the projects to be delivered during 2008/09. There are a number of projects that are to be delivered in 2009/10 from this review that have been identified as "roll forward" and are included at Appendix B for consideration. These projects equate to £1.228m and include the refurbishment of the toilet block in the town centre, the provision of district wide sports facilities and the upgrade of Houndsfield Lane

Caravan Site. The majority of these schemes are funded by ringfenced capital receipts and grants.

- 4.5 The consideration of Business Plans and consideration of the key priorities has identified a number of new projects to be delivered during the financial plan period 2009/10-2011/12. These are identified at Appendix C and equate to £644k (2009/10), £1.850m (2010/11) and £1.351k 2011/12. The projects to be delivered include maintaining the replacement of fleet and plant within street scene, an annual payment of grants to Registered Social Landlords, undertaking water course works, improving parks and cemeteries, and costs associated with the wheeled bins required for co-mingled collections.
- 4.6 A summary of the proposed capital programme including; approved programme, roll forward and new capital schemes is shown in the following table:

PROPOSED CAPITAL PROGRAMME	2009/10	2010/11	2011/12
	£'000	£'000	£'000
Street Scene & Community	1,797	1,672	1,001
Policy and Performance	75		
Legal and Democratic	207	284	
Housing schemes / P&E	1,852	1,315	350
Support Services Recharges (to be charged to schemes)	133	136	138
TOTAL PROPOSED CAPITAL	4,064	3,407	1,489

- 4.7 The capital programme will be financed from a variety of sources including Government Grants, Section 106 Funds and capital receipts including those that the Council has been allowed to retain under the new capital 'pooling' arrangements, and borrowing. Details of the proposed financing arrangements for the capital programme are shown below:

	2009/10	2010/11	2011/12
Capital Receipts	£'000	£'000	£'000
Capital receipts or borrowing	2,793	2,776	1,139
Housing schemes financed from capital receipts ring fenced for low cost housing	425	350	350
Total capital receipts or borrowing	3,378	3,126	1,489
Government Grants	846	281	
Total Programme	4,064	3,407	1,489

- 4.8 If Members approve the level of Capital Spend to 2011/12 the effect on capital receipts will be as follows based on expected expenditure in 2008/09:

	2009/10	2010/11	2011/12
	£'000	£'000	£'000
Opening Balance	3,335	642	-1,498
Used in Year	-2,793	-2,776	-1,139
Received in year	100	100	100
Use of Replacement reserves		-536	
Closing Balance	642	-1,498	-2,537

The figures in the above table include general capital receipts for funding of projects across the District. In addition an estimate of capital receipts has been made of £100k per annum in relation to any sales of assets that the Council may make during the financial plan period.

- 4.9 If all Capital Programme funding requests are approved there will be a need to fund £1.498m through borrowing in 2010/11 and a further £1.039m in 2011/12. This would create a significant impact on the revenue position of the Council to reflect the loan repayments and interest charged. It is proposed that officers assess their requirements in consideration of the impact on resources with the aim to reduce the Programme to deliver only those projects which are unavoidable to ensure delivery of services to residents.

5 FINANCIAL IMPLICATIONS

- 5.1 None other than those included in the report.

6. LEGAL IMPLICATIONS

- 6.1 None as a direct result of the Capital Programme.

7. CORPORATE OBJECTIVES

- 7.1 The delivery of a Capital Programme demonstrates the Councils ability to fund objectives and priorities within a the resources available to it

8. RISK MANAGEMENT

- 8.1 The main risks associated with the details included in this report are:

- Non compliance with the statutory deadlines to set a balanced budget to include Capital requirements.

- No formal consultation undertaken with the public
- Poor use of resources scoring in relation to consideration of options and Value for Money in considering projects to be delivered.
- Poor delivery of the project planning of capital projects

8.2 These risks are being managed as follows:

8.2.1 Non compliance with statutory deadlines

Risk Register: Financial Services

Key Objective Ref.: 6

Key Objective: Effective and Efficient Accountancy Service

8.2.2 No formal consultation undertaken with the public

Risk Register: Financial Services

Key Objective Ref.: 6

Key Objective: Effective and Efficient Accountancy Service

8.2.3 Poor use of resources scoring in relation to consideration of the options and value for money

Risk Register: Financial Services

Key Objective Ref.: 6

Key Objective: Effective and Efficient Accountancy Service

8.4 Key actions and controls to manage these risks include:

- Detailed timetable in place to manage the budget process with departments and accountancy support
- Allocation of qualified and professional staff to focus on budget setting accounts
- Regular updates at Corporate Management Team in relation to budget processes
- Formal consultation on the budget with the Budget Jury
- Review of Capital Programme within the Asset management group
- Formal consultation with customer panel via SNAP in place

9. **CUSTOMER IMPLICATIONS**

9.1 The setting of the budget against the Corporate Priorities will ensure that the Council demonstrates to the customer that we have aligned our resources to the key services required.

10. **OTHER IMPLICATIONS**

Procurement Issues N/A

Governance/Performance Management N/A
Community Safety including Section 17 of Crime and Disorder Act 1998 N/A
Policy N/A
Environmental N/A
Equalities and Diversity N/A

11. **OTHERS CONSULTED ON THE REPORT**

Portfolio Holder	no
Chief Executive	Yes
Corporate Director (Services)	Yes
Assistant Chief Executive	Yes
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal & Democratic Services	Yes
Head of Organisational Development & HR	Yes
Corporate Procurement Team	Yes

12. **APPENDICES**

Appendix A – Current Approved Capital Programme 2009/10- 2010/11

Appendix B – Roll Forward requests 2008/09 to 2009/10

Appendix C – New Bids 2009/10-2011/12

13. **BACKGROUND PAPERS**

Budget timetable

Detailed budget working papers

CONTACT OFFICER

Name: Jayne Pickering

E Mail: j.pickering@bromsgrove.gov.uk

Tel: (01527) 881207