

Report

Subject: : Capital Programme 2006/2007 - 2011/2012
Report to : The Cabinet
Date : Wednesday 31 January 2007
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Cabinet Member for Resources : Councillor Culver

EXECUTIVE SUMMARY

This report brings together the amendments to the five year capital programme as outlined in the portfolio plans and updates members on any significant changes to scheme profiling within the existing capital programme.

The areas for investment in future years as identified in the portfolio plans are as follows:

- A revised waste management strategy
- Further initial investment in the internal leasing fund
- Potential investment in a new telephone system
- A feasibility study into future investment in the crematorium
- Office centralisation (Revised in the light of Council decision)

It is proposed that these projects be financed from capital receipts, external grants and from revenue savings.

1. PURPOSE OF REPORT

The purpose of the report is to:

- 1.1 Update members on the financing of the Capital Programme. (Appendix 1)
- 1.2 Update members on issues relating to the current and future programme.
- 1.3 Seek approval of the revised Capital Programme for 2006/07 to 2011/12 (Appendix 1)



Awarded in:
Housing Services
Waste and Recycling Services



2. POLICY CONSIDERATIONS

- 2.1 The Council believes in the use of its resources to provide flexible and responsive services, which offer value for money and excellent customer service. In setting its overall budget strategy, the Council has undertaken extensive consultation to allow the community the opportunity to influence spending plans.
- 2.2 The Capital programme is a result of an integrated corporate planning process and reflects the Council's political priorities. New areas for investment are identified in the portfolio plans which take into account the asset management plan and capital strategy which are updated annually.
- 2.3 Although the Capital Programme is a five year rolling programme it can be varied at regular intervals to reflect changing need, available finance and political priorities.

3. BACKGROUND

- 3.1 The Council has as part of its medium term financial strategy indicated that it will use the prudential system on a case by case basis for capital schemes that are invest to save initiatives. All other investment is via grant, contributions or capital receipts.
- 3.2 There is ongoing profiling capital spending against financial years. The Improving the Performance and Finances of the Council Board monitors progress on major capital projects and reports to Cabinet are included in the quarterly integrated performance monitoring report.

4. PROPOSED REVISIONS TO THE EXISTING CAPITAL PROGRAMME

4.1 Maintaining Council Housing to a High Standard

As part of the Council's capital strategy, capital expenditure on the HRA to maintain the housing stock is currently derived solely from the major repairs reserve financed through rents. The current review of the HRA business plan will need to identify the standard to be adopted and the finance available and may result in a revenue contribution to capital being reintroduced.

4.2 Creating More Affordable Housing

The Affordable Housing programme was introduced in 2004/5 using transitional relief from pooling of right to buy (RTB) sales. This programme is sensitive therefore to the movements in RTB sales. The current estimate of available finance is £3m but the total amount available for this programme will not be known until April 2007 which is the end of the transitional relief timeframe.

4.3 Improving Recycling and Reducing Household Waste

At its September meeting the Cabinet agreed an investment of £2.919m for the new waste strategy. Contributions from Wilts CC and Defra totalling £451,000 have been secured towards this. The revenue consequences of this scheme have been included in the MTFs adopted in November and reflected in the portfolio plan.

4.4 Meeting the Financial Challenge - Internal Leasing Fund

Since 2005/6 the Council has operated an internal leasing fund which is used to purchase vehicles and plant. Capital is then repaid from within service unit budgets to replenish the fund. The current projection is that by 2012 the fund will become completely self-sustaining.

The Council will make significant efficiency savings as the cost of funds is well below that of funds from lessors. For some assets lease finance is still a more appropriate method of finance depending on risk transfer. Therefore financing decisions are made on a case by case basis.

4.5 Improving Services for our Customers

i) Structural Repairs and Maintenance

A five year programme of structural maintenance is included in the capital programme. The programme is subject to ongoing review and the amount required in order to finance the programme agreed annually. Maintenance of the existing administrative offices is currently being kept to a minimum and only repairs of a health and safety and/or statutory nature are being undertaken. It is recognised that the office project will affect the programme in the long term and that in the medium term office elements of structural maintenance are most efficiently dealt with as part of the office project in a single contract.

ii) Office Project

The project was formally introduced to the programme in 2005 and has been the subject of regular update reports during the year. The current budget was approved by Council in December 2006.

iii) New Telephone System

The Council's existing telephone system is suffering from capacity and technology deficiencies. A feasibility study is underway to determine the best solution to coincide with the opening of new offices in 2008. A provisional sum of £250,000 has been included in the capital programme for 2008/9 but will depend on the feasibility report and Cabinet's views of the recommendations that arise from the report.

5. FUTURE CONSIDERATIONS

5.1 The Council has applied to the Government to capitalise £500,000 of stock transfer costs, if approved this will reduce the amount of capital receipts available to finance future schemes.

5.2 In March the Council will be asked to approve its prudential limits for 2007/08.

6. RECOMMENDATIONS

6.1 Members are requested to:

- i) Note the report
- ii) Approve the Revised Capital Programme 2006-2012 (Appendix 1) (subject to full Council approval)

7. BACKGROUND PAPERS

Capital Strategy and Asset Management Plan – Sept 2006.
Medium Term Financial Strategy – November 2006.
Portfolio Plans 2007/08
Office Centralisation – Council report December 2006.
Waste Management Strategy – September 2007

8. IMPLICATIONS:

- **Financial:** The Council currently continues to be finance its capital expenditure primarily from capital receipts. The Office Centralisation Project will require revenue savings to made in order to service and repay the initial finance used.
- **Legal:** None identified.
- **Human Rights:** The human rights relating to this issue have been considered and any potential interference is considered proportionate to the legitimate end to be achieved.
- **Personnel:** None
- **Environmental:** None
- **Council's Core Values:** The capital programme is a financial expression of the Council's aims and objectives, underpinned by the Council's core values.
- **Council's priorities:** Areas for investment are in line with the capital strategy and portfolio plans, which take these into account.
- **Wards Affected:** All

CAPITAL PROGRAMME

Summary	<i>Estimate 2006/7</i>	<i>Estimate 2007/8</i>	<i>Estimate 2008/9</i>	<i>Estimate 2009/10</i>	<i>Estimate 2010/11</i>	<i>Estimate 2011/12</i>
	£	£	£	£	£	£
Resources Portfolio	2,975,110	11,464,000	4,853,000	2,140,000	920,000	745,000
Community and Housing Portfolio	1,541,900	2,069,440	385,000	385,000	385,000	385,000
Planning & Economic Development Portfolio	0	0	0	0	0	0
Environment & Transport Portfolio	137,930	2,687,100	729,000	717,000	0	0
Total General Fund Capital Programme	4,654,940	16,220,540	5,967,000	3,242,000	1,305,000	1,130,000
Total HRA - Non Repairs and Maintenance	315,000	331,590	275,000	275,000	275,000	275,000
Refurbishment & Modernisation of Council Houses	2,739,480	3,672,790	2,725,000	2,725,000	2,725,000	2,725,000
Total Housing Revenue Account	3,054,480	4,004,380	3,000,000	3,000,000	3,000,000	3,000,000
City Area	76,470	240,000	100,000	100,000	100,000	100,000
Total City Area	76,470	240,000	100,000	100,000	100,000	100,000
Overall Capital Programme	7,785,890	20,464,920	9,067,000	6,342,000	4,405,000	4,230,000

CAPITAL PROGRAMME

Appendix 1

Resources Portfolio	<i>Estimate 2006/7</i>	<i>Estimate 2007/8</i>	<i>Estimate 2008/9</i>	<i>Estimate 2009/10</i>	<i>Estimate 2010/11</i>	<i>Estimate 2011/12</i>
<i>Scheme</i>	£	£	£	£		
Structural Repairs & Maintenance	394,420	425,000	325,000	325,000	325,000	325,000
Offices Centralisation to Gateway D	82,570					
Offices Centralisation Construction Phases	1,650,000	9,864,000	2,468,000	1,340,000		
Customer Services Project	136,350	121,000				
IT Capital Projects General	215,050	365,000	295,000	295,000	295,000	295,000
IT Disaster Recovery	26,850					
Corporate Financial Management System	11,000	89,000				
Internal Fees	125,000	125,000	125,000	125,000	125,000	125,000
Invest to Save/Improve Fund	98,870	5,000				
Capacity Fund	90,000	120,000	40,000			
New Telephone System			250,000			
Internal Leasing Fund Replacements	145,000	350,000	1,350,000	55,000	175,000	
Total Resources Portfolio	2,975,110	11,464,000	4,853,000	2,140,000	920,000	745,000

CAPITAL PROGRAMME

Community & Housing Portfolio	<i>Estimate 2006/7</i>	<i>Estimate 2007/8</i>	<i>Estimate 2008/9</i>	<i>Estimate 2009/10</i>	<i>Estimate 2010/11</i>	<i>Estimate 2011/12</i>
<i>Scheme</i>	£	£	£	£	£	£
Mere Meeting Room	20,710					
Salisbury Leisure Centre	61,680					
Home Repairs Grants	0	0	70,000	70,000	70,000	70,000
Disabled Facilities Grants	363,360	335,000	315,000	315,000	315,000	315,000
Housing Needs Survey	46,150					
Affordable Housing (Linked to Transitional Relief)	900,000	1,148,440				
Affordable Housing (Housing Corporation)	150,000	511,000				
Choice Based Letting		50,000				
Crematorium Feasibility Study		25,000				
Total Community & Housing Portfolio	1,541,900	2,069,440	385,000	385,000	385,000	385,000

CAPITAL PROGRAMME

<i>Environment & Transport Portfolio</i>	<i>Estimate 2006/7</i>	<i>Estimate 2007/8</i>	<i>Estimate 2008/9</i>	<i>Estimate 2009/10</i>	<i>Estimate 2010/11</i>	<i>Estimate 2011/12</i>
<i>Scheme</i>	£	£	£	£	£	£
Recycling Centres - Grant Funded	49,050					
Residents' Parking Scheme		35,100				
Downton Flood Relief - Grant Funded	12,000					
Waste Strategy	35,000	1,438,000	729,000	717,000		
Waste Strategy Internal Leasing fund		1,200,000				
Flood Alleviation Schemes	41,880	14,000				
<i>Environment & Transport Portfolio</i>	137,930	2,687,100	729,000	717,000	0	0

CAPITAL PROGRAMME

Housing Revenue Account	<i>Estimate 2006/7</i>	<i>Estimate 2007/8</i>	<i>Estimate 2008/9</i>	<i>Estimate 2009/10</i>	<i>Estimate 2010/11</i>	<i>Estimate 2011/12</i>
<i>Scheme</i>	£	£	£	£	£	£
Disabled Adaptations	300,000	331,590	275,000	275,000	275,000	275,000
Refurbishment & Modernisation of Council Housing	2,739,480	3,672,790	2,725,000	2,725,000	2,725,000	2,725,000
Replacement of Housing Computer System	15,000					
Total Housing Revenue Account	3,054,480	4,004,380	3,000,000	3,000,000	3,000,000	3,000,000

CAPITAL PROGRAMME

City Area Committee	<i>Estimate 2006/7</i>	<i>Estimate 2007/8</i>	<i>Estimate 2008/9</i>	<i>Estimate 2009/10</i>	<i>Estimate 2010/11</i>	<i>Estimate 2011/12</i>
<i>Scheme</i>	£	£	£	£	£	£
Victoria Park Tennis Courts**	25,470					
Play Area Refurbishments**	51,000	45,000				
Play Areas -Hudsons Field**		95,000				
City Area Capital Programme ***		100,000	100,000	100,000	100,000	100,000
Total City Area Committee	76,470	240,000	100,000	100,000	100,000	100,000

** Financed from R2 Deposits

*** To be funded from earmarked reserve for future capital schemes.

Financing of Capital Programme

<u>CAPITAL PROGRAMME</u>	2006/2007 £	2007/2008 £	2008/2009 £	2009/2010 £	2010/2011 £	2011/2012 £
- General Fund	4,654,940	16,220,540	5,967,000	3,242,000	1,305,000	1,130,000
- Housing Revenue Account	3,054,480	4,004,380	3,000,000	3,000,000	3,000,000	3,000,000
- City Area	76,470	240,000	100,000	100,000	100,000	100,000
Total Funding Required	7,785,890	20,464,920	9,067,000	6,342,000	4,405,000	4,230,000
<u>FINANCING AVAILABLE:-</u>						
Grants	1,011,050	540,000	189,000	189,000	189,000	189,000
Capital Receipts -RTB	1,900,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Capital Receipts-Other	467,000	2,350,000	2,350,000	0	0	0
MRA	3,054,480	4,004,380	3,000,000	3,000,000	3,000,000	3,000,000
City Capital Reserve	0	100,000	100,000	100,000	100,000	100,000
Revenue Contributions - Vehicle Leases	213,000	381,000	693,000	698,000	697,000	683,000
Developer & Other Contributions	76,470	140,000	50,000	0	0	0
Total Capital Resources	6,722,000	8,515,380	7,382,000	4,987,000	4,986,000	4,972,000
Capital Financing Requirement b/wd	(10,543,000)	(9,479,110)	2,470,430	4,155,430	5,510,430	4,929,430
(Surplus)/Deficit for Year	1,063,890	11,949,540	1,685,000	1,355,000	(581,000)	(742,000)
Capital Financing Requirement	(9,479,110)	2,470,430	4,155,430	5,510,430	4,929,430	4,187,430