

## Agenda Item 18

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# Report

**Subject:** Capital Programme 2007/08 - 2012/2013  
**Report to :** The Cabinet  
**Date :** Wednesday 30 January 2008  
**Report of :** Head of Financial Services  
**Author :** Alan Osborne  
**Cabinet Member for Finance :** Councillor Roberts

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## EXECUTIVE SUMMARY

This report brings together the amendments to the rolling five year capital programme and updates members on any significant changes to scheme profiling within the existing capital programme. Although the five year period runs well beyond the vesting date of the new unitary council, the programme beyond that date includes unfinished projects as well as indicative recurring capital needs for the area.

The areas for investment in future years as identified in the revised political priorities are as follows:

- A revised waste management strategy
- A revised office rationalisation project
- The Salisbury Vision – market square project
- Structural Maintenance of leisure facilities
- Refurbishment of the City Hall

It is proposed that the programme will continue to be financed from capital receipts, external grants and from revenue savings.

The revised programme will retain the Council's current status as free from external debt until vesting day.

Approximately £300,000 of usable capital receipts remains unallocated in the capital programme.



Awarded in:  
Housing Services  
Waste and Recycling Services



## **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 2007/08 to 2012/13 (Appendix 1)

## **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 financial 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 separate reports which take into account the asset management plan and capital strategy.
- 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 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 a system of ongoing profiling of capital spending. This is reported quarterly as part of performance monitoring.

## **4. PROPOSED REVISIONS TO THE EXISTING CAPITAL PROGRAMME:**

### **4.1 Housing Revenue Account capital**

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 allowance 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. The proposed detailed 2008/9 HRA capital programme will be reported by the Head of Housing Management in the spring.

### **4.2 Salisbury Vision**

At it's meeting on 10 December 2007, the Council approved £1.5m towards the vision (market place project)

### **4.3 Waste Strategy**

In December 2007 the Council approved it's revised political priorities, this included changes to the proposed waste strategy, however other than timing the capital programme remained unaltered in respect of the strategy.

#### **4.4 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. A programme to address backlog maintenance of leisure facilities was approved in 2007.

#### **4.5 Office Project**

At it's meeting on 10 December 2007, the Council approved a revised budget for the office rationalisation scheme.

### **5. CAPITAL RECEIPTS:**

- 5.1 The Council receives in the region of £1m per annum from Right to Buy and mortgage repayments which are used to finance recurring capital investments. One off receipts for the disposal of land and buildings are reinvested in line with the Council's capital strategy.
- 5.2 The only general fund capital receipt assumed in 2008/09 relates to Britford Depot. Finance for individual one off projects is determined at the point of project initiation.
- 5.3 It is projected that around £300,000 of general fund capital receipts will remain unallocated as at 31 March 09.

### **6. RECOMMENDATIONS:**

- 6.1 Members are requested to:
  - i) Note the report
  - ii) Approve the Revised Capital Programme 2007-2013 (Appendix 1) (subject to full Council approval)

### **7. BACKGROUND PAPERS:**

Capital Strategy and Asset Management Plan – Sept 2006.  
Financial Strategy – October 2007.  
Office Centralisation – Council report December 2007.  
Vision report December 2007  
Structural maintenance (Leisure) report October 2007.

### **8. IMPLICATIONS:**

**Financial:** The Council currently continues to finance its capital expenditure primarily from capital receipts. The Office Centralisation Project will require revenue savings to be made in order to service and repay the initial finance used. The Council will remain free of external debt until vesting day.

**Legal:** Assuming that local government reorganisation in Wiltshire proceeds then as from 01.04.2008 proposed transitional arrangements envisage that the Implementation Executive will be able to prepare such budgets and plans as it considers appropriate to discharge the proposed Wiltshire Council's functions from 01.04.2009 and that the consent of Wiltshire County Council will be required to any capital contracts in excess of £1M and any disposals in excess of £100,000 or where the total value of all such contracts/disposals backdated to 01.01.2007 exceed such sums, in

the absence of which any contracts/disposals would not be enforceable against Wiltshire Council.

**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

| <b>Summary</b>                                  | <i>Estimate<br/>2007/8</i> | <i>Estimate<br/>2008/9</i> | <i>Estimate<br/>2009/10</i> | <i>Estimate<br/>2010/11</i> | <i>Estimate<br/>2011/12</i> | <i>Estimate<br/>2012/13</i> |
|---|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | £                          | £                          | £                           | £                           | £                           | £                           |
| Resources Portfolio                             | 2,882,030                  | 4,952,000                  | 11,750,000                  | 2,522,000                   | 645,000                     | 645,000                     |
| Finance Portfolio                               | 1,918,550                  | 1,502,750                  | 165,100                     | 285,100                     | 110,100                     | 110,100                     |
| Community Initiatives Portfolio                 | 0                          | 763,680                    | 0                           | 0                           | 0                           | 0                           |
| Housing Portfolio                               | 1,071,800                  | 1,810,260                  | 420,000                     | 420,000                     | 420,000                     | 420,000                     |
| Economic Development & Tourism Portfolio        | 0                          | 0                          | 0                           | 0                           | 0                           | 0                           |
| Planning Portfolio                              | 0                          | 0                          | 0                           | 0                           | 0                           | 0                           |
| Environment Portfolio                           | 100,000                    | 4,044,340                  | 717,000                     | 0                           | 0                           | 0                           |
| Transport Portfolio                             | 35,100                     | 0                          | 0                           | 0                           | 0                           | 0                           |
| <b>Total General Fund Capital Programme</b>     | <b>6,007,480</b>           | <b>13,073,030</b>          | <b>13,052,100</b>           | <b>3,227,100</b>            | <b>1,175,100</b>            | <b>1,175,100</b>            |
| Total HRA - Non Repairs and Maintenance         | 310,090                    | 325,000                    | 275,000                     | 275,000                     | 275,000                     | 275,000                     |
| Refurbishment & Modernisation of Council Houses | 2,758,930                  | 4,093,660                  | 2,725,000                   | 2,725,000                   | 2,725,000                   | 2,725,000                   |
| <b>Total Housing Revenue Account</b>            | <b>3,069,020</b>           | <b>4,418,660</b>           | <b>3,000,000</b>            | <b>3,000,000</b>            | <b>3,000,000</b>            | <b>3,000,000</b>            |
| City Area                                       | 27,390                     | 459,000                    | 138,220                     | 100,000                     | 100,000                     | 0                           |
| <b>Total City Area</b>                          | <b>27,390</b>              | <b>459,000</b>             | <b>138,220</b>              | <b>100,000</b>              | <b>100,000</b>              | <b>0</b>                    |
|   |                            |                            |                             |                             |                             |                             |
| <b>Overall Capital Programme</b>                | <b>9,103,890</b>           | <b>17,950,690</b>          | <b>16,190,320</b>           | <b>6,327,100</b>            | <b>4,275,100</b>            | <b>4,175,100</b>            |

## CAPITAL PROGRAMME

| <b>Finance Portfolio</b>              | <i>Estimate<br/>2007/8</i> | <i>Estimate<br/>2008/9</i> | <i>Estimate<br/>2009/10</i> | <i>Estimate<br/>2010/11</i> | <i>Estimate<br/>2011/12</i> | <i>Estimate<br/>2012/13</i> |
|---------------------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <i>Scheme</i>                         | £                          | £                          | £                           | £                           | £                           | £                           |
| Corporate Financial Management System | 0                          | 31,710                     |                             |                             |                             |                             |
| Internal Fees                         | 125,000                    | 110,100                    | 110,100                     | 110,100                     | 110,100                     | 110,100                     |
| Invest to Save/Improve Fund           | 10,580                     |                            |                             |                             |                             |                             |
| Capacity Fund                         | 171,720                    | 10,940                     |                             |                             |                             |                             |
| Internal Leasing Fund Replacements    | 1,611,250                  | 1,350,000                  | 55,000                      | 175,000                     |                             |                             |
| <b>Total Finance Portfolio</b>        | <b>1,918,550</b>           | <b>1,502,750</b>           | <b>165,100</b>              | <b>285,100</b>              | <b>110,100</b>              | <b>110,100</b>              |

| <b>Resources Portfolio</b>                 | <i>Estimate<br/>2007/8</i> | <i>Estimate<br/>2008/9</i> | <i>Estimate<br/>2009/10</i> | <i>Estimate<br/>2010/11</i> | <i>Estimate<br/>2011/12</i> | <i>Estimate<br/>2012/13</i> |
|--|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <i>Scheme</i>                              | £                          | £                          | £                           | £                           | £                           | £                           |
| Structural Repairs & Maintenance           | 502,150                    | 375,000                    | 375,000                     | 375,000                     | 350,000                     | 350,000                     |
| Offices Centralisation Construction Phases | 1,973,110                  | 3,815,000                  | 9,680,000                   | 1,852,000                   |                             |                             |
| Customer Services Project                  | 127,500                    |                            |                             |                             |                             |                             |
| IT Capital Projects General                | 246,270                    | 395,000                    | 295,000                     | 295,000                     | 295,000                     | 295,000                     |
| Salisbury Vision                           | 33,000                     | 367,000                    | 1,400,000                   |                             |                             |                             |
| <b>Total Resources Portfolio</b>           | <b>2,882,030</b>           | <b>4,952,000</b>           | <b>11,750,000</b>           | <b>2,522,000</b>            | <b>645,000</b>              | <b>645,000</b>              |

## CAPITAL PROGRAMME

| <b>Community Initiatives Portfolio</b>       | <i>Estimate<br/>2007/8</i> | <i>Estimate<br/>2008/9</i> | <i>Estimate<br/>2009/10</i> | <i>Estimate<br/>2010/11</i> | <i>Estimate<br/>2011/12</i> | <i>Estimate<br/>2012/13</i> |
|--|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <i>Scheme</i>                                | £                          | £                          | £                           | £                           | £                           | £                           |
| Salisbury Leisure Centre                     |                            | 61,680                     |                             |                             |                             |                             |
| Crematorium Feasibility Study                |                            | 25,000                     |                             |                             |                             |                             |
| City Hall Refurbishment                      |                            | 232,000                    |                             |                             |                             |                             |
| Leisure Centre Refurbishment                 |                            | 300,000                    |                             |                             |                             |                             |
| Refurbish play areas**                       |                            | 65,000                     |                             |                             |                             |                             |
| Harnham Cycleway**                           |                            | 80,000                     |                             |                             |                             |                             |
| <b>Total Community Initiatives Portfolio</b> | <b>0</b>                   | <b>763,680</b>             | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    |

\*\* Financed from R2 Deposits

| <b>Housing Portfolio</b>                           | <i>Estimate<br/>2007/8</i> | <i>Estimate<br/>2008/9</i> | <i>Estimate<br/>2009/10</i> | <i>Estimate<br/>2010/11</i> | <i>Estimate<br/>2011/12</i> | <i>Estimate<br/>2012/13</i> |
|--|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <i>Scheme</i>                                      | £                          | £                          | £                           | £                           | £                           | £                           |
| Home Repairs Grants                                | 0                          | 70,000                     | 70,000                      | 70,000                      | 70,000                      | 70,000                      |
| Disabled Facilities Grants                         | 300,150                    | 460,000                    | 350,000                     | 350,000                     | 350,000                     | 350,000                     |
| Housing Needs Survey                               | 21,440                     |                            |                             |                             |                             |                             |
| Affordable Housing (Linked to Transitional Relief) | 560,210                    | 900,000                    |                             |                             |                             |                             |
| Private Sector Renovation Grants (Grant Funded)    | 190,000                    | 330,260                    |                             |                             |                             |                             |
| Choice Based Letting                               |                            | 50,000                     |                             |                             |                             |                             |
| <b>Total Housing Portfolio</b>                     | <b>1,071,800</b>           | <b>1,810,260</b>           | <b>420,000</b>              | <b>420,000</b>              | <b>420,000</b>              | <b>420,000</b>              |

## CAPITAL PROGRAMME

| <b>Environment Portfolio</b>         | <i>Estimate<br/>2007/8</i> | <i>Estimate<br/>2008/9</i> | <i>Estimate<br/>2009/10</i> | <i>Estimate<br/>2010/11</i> | <i>Estimate<br/>2011/12</i> | <i>Estimate<br/>2012/13</i> |
|--------------------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <i>Scheme</i>                        | £                          | £                          | £                           | £                           | £                           | £                           |
| Recycling Centres - Grant Funded     |                            | 34,760                     |                             |                             |                             |                             |
| Downton Flood Relief - Grant Funded  |                            | 12,000                     |                             |                             |                             |                             |
| Waste Strategy                       | 100,000                    | 2,768,150                  | 717,000                     |                             |                             |                             |
| Waste Strategy Internal Leasing fund | 0                          | 1,200,000                  |                             |                             |                             |                             |
| Flood Alleviation Schemes            |                            | 29,430                     |                             |                             |                             |                             |
| <b>Total Environment Portfolio</b>   | <b>100,000</b>             | <b>4,044,340</b>           | <b>717,000</b>              | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    |

| <b>Transport Portfolio</b>       | <i>Estimate<br/>2007/8</i> | <i>Estimate<br/>2008/9</i> | <i>Estimate<br/>2009/10</i> | <i>Estimate<br/>2010/11</i> | <i>Estimate<br/>2011/12</i> | <i>Estimate<br/>2012/13</i> |
|----------------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <i>Scheme</i>                    | £                          | £                          | £                           | £                           | £                           | £                           |
| Residents' Parking Scheme        | 35,100                     |                            |                             |                             |                             |                             |
| <b>Total Transport Portfolio</b> | <b>35,100</b>              | <b>0</b>                   | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    |



## CAPITAL PROGRAMME

| <b>Housing Revenue Account</b>                   | <i>Estimate<br/>2007/8</i> | <i>Estimate<br/>2008/9</i> | <i>Estimate<br/>2009/10</i> | <i>Estimate<br/>2010/11</i> | <i>Estimate<br/>2011/12</i> | <i>Estimate<br/>2012/13</i> |
|--|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <i>Scheme</i>                                    | £                          | £                          | £                           | £                           | £                           | £                           |
| Disabled Adaptations                             | 295,090                    | 325,000                    | 275,000                     | 275,000                     | 275,000                     | 275,000                     |
| Refurbishment & Modernisation of Council Housing | 2,758,930                  | 4,093,660                  | 2,725,000                   | 2,725,000                   | 2,725,000                   | 2,725,000                   |
| Replacement of Housing Computer System           | 15,000                     |                            |                             |                             |                             |                             |
| <b>Total Housing Revenue Account</b>             | <b>3,069,020</b>           | <b>4,418,660</b>           | <b>3,000,000</b>            | <b>3,000,000</b>            | <b>3,000,000</b>            | <b>3,000,000</b>            |

## CAPITAL PROGRAMME

| <b>City Area Committee</b>         | <i>Estimate<br/>2007/8</i> | <i>Estimate<br/>2008/9</i> | <i>Estimate<br/>2009/10</i> | <i>Estimate<br/>2010/11</i> | <i>Estimate<br/>2011/12</i> | <i>Estimate<br/>2012/13</i> |
|------------------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <i>Scheme</i>                      | £                          | £                          | £                           | £                           | £                           | £                           |
| Victoria Park Tennis Courts*       | 8,390                      |                            |                             |                             |                             |                             |
| Play Area Refurbishments*          |                            | 45,000                     |                             |                             |                             |                             |
| Harnham Pavilion*                  | 19,000                     |                            |                             |                             |                             |                             |
| Bishopdown Pavilion*               |                            | 15,000                     |                             |                             |                             |                             |
| Play Area - Hudsons Field*         |                            | 95,000                     |                             |                             |                             |                             |
| Churchill Gardens Kickabout Area*  |                            | 40,000                     |                             |                             |                             |                             |
| Victoria Park Crazy Golf Facility* |                            | 30,000                     |                             |                             |                             |                             |
| Youth Shelters and Sportswalls*    |                            | 34,000                     |                             |                             |                             |                             |
| Management Plan Projects**         |                            | 200,000                    | 100,000                     | 100,000                     | 100,000                     |                             |
| New Cemetery***                    |                            |                            | 38,220                      |                             |                             |                             |
| <b>Total City Area Committee</b>   | <b>27,390</b>              | <b>459,000</b>             | <b>138,220</b>              | <b>100,000</b>              | <b>100,000</b>              | <b>0</b>                    |

\* Financed from R2 Deposits

\*\* Financed from earmarked reserve for future capital schemes.

\*\*\* Financed from earmarked reserve for cemetery replacement

**Financing of Capital Programme**

| <b><u>CAPITAL PROGRAMME</u></b>           | <b>2007/2008</b><br>£ | <b>2008/2009</b><br>£ | <b>2009/2010</b><br>£ | <b>2010/2011</b><br>£ | <b>2011/2012</b><br>£ | <b>2012/2013</b><br>£ |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| - General Fund                            | 6,007,480             | 13,073,030            | 13,052,100            | 3,227,100             | 1,175,100             | 1,175,100             |
| - Housing Revenue Account                 | 3,069,020             | 4,418,660             | 3,000,000             | 3,000,000             | 3,000,000             | 3,000,000             |
| - City Area                               | 27,390                | 459,000               | 138,220               | 100,000               | 100,000               | 0                     |
| <b>Total Funding Required</b>             | <b>9,103,890</b>      | <b>17,950,690</b>     | <b>16,190,320</b>     | <b>6,327,100</b>      | <b>4,275,100</b>      | <b>4,175,100</b>      |
| <b><u>FINANCING AVAILABLE:-</u></b>       |                       |                       |                       |                       |                       |                       |
| Grants                                    | 1,939,500             | 210,000               | 210,000               | 210,000               | 210,000               | 210,000               |
| Capital Receipts -RTB                     | 1,000,000             | 1,000,000             | 1,000,000             | 1,000,000             | 1,000,000             | 1,000,000             |
| Capital Receipts-Other                    | 0                     | 500,000               | 3,400,000             | 0                     | 0                     | 0                     |
| Major Repairs Reserve                     | 3,069,020             | 4,418,660             | 3,000,000             | 3,000,000             | 3,000,000             | 3,000,000             |
| City Capital Reserve                      | 0                     | 200,000               | 138,220               | 100,000               | 100,000               | 0                     |
| Revenue Contributions - Vehicle Leases    | 0                     | 0                     | 0                     | 0                     | 0                     | 0                     |
| Developer & Other Contributions           | 27,390                | 454,000               | 0                     | 0                     | 0                     | 0                     |
| <b>Total Capital Resources</b>            | <b>6,035,910</b>      | <b>6,782,660</b>      | <b>7,748,220</b>      | <b>4,310,000</b>      | <b>4,310,000</b>      | <b>4,210,000</b>      |
| Opening CFR - Non Office Project          | (8,737,790)           | (7,642,920)           | (289,890)             | (1,527,790)           | (1,362,690)           | (1,397,590)           |
| Opening CFR Office Project                | 2,864,790             | 4,837,900             | 8,652,900             | 18,332,900            | 20,184,900            | 20,184,900            |
| <b>Capital Financing Requirement bfwd</b> | <b>(5,873,000)</b>    | <b>(2,805,020)</b>    | <b>8,363,010</b>      | <b>16,805,110</b>     | <b>18,822,210</b>     | <b>18,787,310</b>     |
| <b>(Surplus)/Deficit for Year</b>         | <b>3,067,980</b>      | <b>11,168,030</b>     | <b>8,442,100</b>      | <b>2,017,100</b>      | <b>(34,900)</b>       | <b>(34,900)</b>       |
| <b>Capital Financing Requirement</b>      | <b>(2,805,020)</b>    | <b>8,363,010</b>      | <b>16,805,110</b>     | <b>18,822,210</b>     | <b>18,787,310</b>     | <b>18,752,410</b>     |