

**PROPOSED DRAFT CAPITAL PROGRAMME FOR 2012/13 – 2014/15**

**EXECUTIVE MEMBER:** Councillor Gillian Troughton  
**LEAD OFFICER:** Joanne Wagstaffe – Director of Resources and Transformation  
**REPORT AUTHOR:** Ann Treble - Financial Management and Treasury Accountant

**Summary:**

This report provides Executive with a draft summary of the proposed Capital Programme 2012/13-2014/15, and demonstrates how the proposed bids meet the key corporate priorities. This report was presented to Resource Planning Working Group on 6<sup>th</sup> December 2011.

**Recommendation:**

- (i) RPWG are asked to consider the new capital bids presented and make recommendations for the inclusion in the draft Capital Programme to Executive.
- (ii) RPWG are asked to consider the existing bids that were presented and approved by Council in February 2011.
- (iii) RPWG is asked to note the proposed draft capital programme for 2012/13 to 2014/15, can be funded from capital receipts reserve, but this assumes £7,043,000 of capital receipts are realised in the three year period.
- (iv) RPWG are asked to note that the forecast on Useable Capital Receipts Reserve uses balances at 30 September 2011 (subject to Executive approval on 22 November 2011) is £392,502 see para 5.2

**1 INTRODUCTION**

- 1.1 Effective asset management planning is a crucial corporate activity to ensure we meet our corporate and service aims, and deliver our services.
- 1.2 This paper details the draft Capital Bids put forward, for inclusion in the Capital Programme for 2012/13 and beyond, as well as the existing Capital Programme for 2012/13 and 2013/14 to give the proposed capital

programme for the three years 2012/13-2014/15, and how they will be funded.

- 1.3 When considering approval of capital bids, we need to ensure that:-
- our spending decisions are meeting our key priorities
  - we would not fail to meet our statutory duties if a scheme was not approved
  - consideration has been given to sources of funding available
  - we have maximised external funding on all bids (where appropriate)
  - all revenue costs/savings as well as capital costs have been considered
- 1.4 Members are asked to note that the key priorities are those contained with the current Corporate Plan and maybe subject to change.
- 1.5 The draft capital bids included in the programme have been prepared by Service managers and Heads of Service. Finance has reviewed the draft bids to consider if the resulting spend is of a capital nature and is therefore appropriate to be included in any considerations for the programme.
- 1.6 The draft capital bids have been reviewed with the Service Managers to explore all sources of finance and, external sources of finance have been used wherever possible. Work is ongoing on Bid no 3 to investigate the capital cost for the replacement of 4 vehicles versus the revenue costs if these vehicles were to be acquired via lease agreements. Members are asked to note that the current proposals contained within this report include the acquisition as capital but should it prove to be advantageous to consider under revenue both this and the draft revenue budget will be amended accordingly.
- 1.7 Bid 4 is dependent upon successful bidding for external funding and the outcome of which is not yet known should this match funding be unsuccessful the schemes in their current state would not proceed and the call on CBCs reserves will not be needed
- 1.8 Members are asked to be aware that a number of projects may/are being currently explored that may lead to additional schemes on the Capital programme over the next three years. Any additional request will require additional funding. Members are asked to note that any funding in connection with potential schemes has not been reflected in the tables 2 to 4 of this report. These include:

Beacon – A meeting between Beacon and Properties section has been rescheduled for this month following illness and a bid may be forthcoming as a result of these discussions. Members will be updated as soon as any proposals are known.

## **2 ADDITIONAL COMMENT ON INDIVIDUAL BIDS**

- 2.1 Bid no 2 for Land Terrier Report. This funding is required to enable the data held on an asset base (following extraction from the former Mentor land terrier) to be transferred onto the land terrier owned by Cumbria County Council. Work is currently being undertaken by the Asset Group to review the Council's entire needs with respect to management of its assets. This bid may be superseded dependent upon the findings of this group and any subsequent decisions made.
- 2.2 Existing bid – Public Buildings. Members are asked to note that the requirement for this budget, which was approved in February 2011 has been reduced to the level of £150,000 included in this report. The reduction is due to planned works not being eligible for capital funding.

## **3 OPTIONS**

- 3.1 A summary of the draft Capital Programme for the years 2012-15 is shown in appendix A.
- 3.2 Appendix B demonstrates how the proposed NEW bids meet the key corporate priorities (as at commencement of year) and the criteria set out in para 1.3.  
The total of all bids for the three year period is £4,707,638, utilising £2,448,745 of external funding (52%) and £2,258,893 of the Council's own resources (48%).

## **4 FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)**

- 4.1 Table 1 below shows the sources of funding for draft Capital Programme for the three years 2012-2015. It is important that the funding of the proposed Capital Programme is fully understood and can be demonstrated. This should contribute to RPWG's confidence in recommending the draft capital programme (in whole or part).
- 4.2 The proposed 2012/13- 2014/15 capital programme expenditure can be financed as follows:

**Table 1: Financing of the proposed 2012/13- 2014/15 Capital Programme**

	2012/13	2013/14	2014/15
Funded by:	£	£	£
Useable Capital Receipts	624,093	599,800	90,000
Useable Capital Receipts - Preserved right to buy sales (post stock transfer)/Residual right to buy	445,000	250,000	250,000
Other External Funding	1,948,745	250,000	250,000
<b>TOTAL FINANCING</b>	<b>3,017,838</b>	<b>1,099,800</b>	<b>590,000</b>

4.3 Members are asked to note the external funding for Disabled Facilities grants has been estimated at £250,000 from DFG and £60,000 from Cumbria County Council, based on current year figures. This leaves £185,000 to be met from our own reserves (£500,000 bid less £250,000 less £60,000). Notification of the external funding award for DFG will not be received until March 2012 so for the basis of preparing the bid for the three years 2012/13- 2014/15 a value of £250,000 has been assumed. Any fluctuation from this value will of course impact on the requirement for Copeland to contribute from its own capital resources.

## **5 CAPITAL RESOURCES**

5.1 Table 2 below shows the forecast position of the movement (i.e. use and new capital receipts) on usable capital receipts for 2012/13 (table 3 shows 2013/14 and table 4 shows 2014/15) which will be used to fund the capital programme.

5.2 Members are asked to note that the opening balance figures in Table 2 (and so consequently Tables 3 and 4) are as at 30 September 2011, (subject to approval by Executive on 22 November 2011). The Useable Capital Receipts Reserve balances will need to be adjusted by any commitments made in 2010/11 but that will be paid for in 2011/12 (slippage) that occurs between 1 October and 31 March 2012 but any fluctuation in the opening balances as a result of this will be matched by and equal adjustment to the draw down (spend) on the reserve, i.e. nil net impact on reserves.

**Table 2: Impact of the forecast capital programme spend and receipts for 2012/13 on the Useable Capital Receipts Reserve**

USABLE CAPITAL RECEIPTS	Receipts from sale of assets £	Preserved right to buy sales £	Residual Right to buy £	VAT sharing receipt £	TOTAL £
Forecast Opening balance at 1 April 2012 (as at 30 September 2011)	(392,502)	(641,808)	(1,349,385)	(1,916,736)	(4,300,431)
Forecast draw down to fund draft 12/13 capital programme	624,093	445,000			1,069,093
Forecast Capital Receipts in year	(3,639,000)			*****	(3,639,000)
Forecast useable Capital Receipts closing balance at 31 March 2013	(3,407,409)	(196,808)	(1,349,385)	(1,916,736)	(6,870,338)

\*\*\*\*\* Members are asked to note that we are awaiting confirmation of forecast of VAT receipts requested from the Home Group and Members will be updated when this information is received.

**Members are asked to note Appendix C which gives more detail with regards to the possible timings of spend and receipt in 2012/13**

**Table 3: Impact of the forecast capital programme spend and receipts for 2013/14 on the Useable Capital Receipts Reserve**

USABLE CAPITAL RECEIPTS	Receipts from sale of assets £	Preserved right to buy sales £	Residual Right to buy £	VAT sharing receipt £	TOTAL £
Forecast Opening balance at 1 April 2013	(3,407,409)	(196,808)	(1,349,385)	(1,916,736)	(6,870,338)
Forecast draw down to fund draft 12/13 capital programme	599,800	196,808	53,192		849,800
Forecast Capital Receipts in year	(3,404,000)				(3,404,000)
Forecast useable Capital Receipts closing balance at 31 March 2014	(6,211,609)	-	(1,296,193)	(1,916,736)	(9,424,538)

**Table 4: Impact of the forecast capital programme spend and receipts for 2014/15 on the Useable Capital Receipts Reserve**

<b>USABLE CAPITAL RECEIPTS</b>	<b>Receipts from sale of assets £</b>	<b>Preserved right to buy sales £</b>	<b>Residual Right to buy £</b>	<b>VAT sharing receipt £</b>	<b>TOTAL £</b>
Forecast Opening balance at 1 April 2014	(6,211,609)	-	(1,296,193)	(1,916,736)	(9,424,538)
Forecast draw down to fund draft 14/15 capital programme	90,000		250,000		340,000
Forecast Capital Receipts in year					
Forecast useable Capital Receipts closing balance at 31 March 2015	(6,121,609)	-	(1,046,193)	(1,916,736)	(9,084,538)

5.3 The timing of capital receipts is critical to the funding of the proposed Capital programme. Members are reminded that the receipts detailed in tables 2-4 above are the best forecast prediction as of October 2011. The assets (predominantly land) will be placed on the market when conditions are favourable and this is kept under constant review by the Contracts and Property Manager and the Development Surveyor. It may be the case that some assets will be placed on the market sooner than currently anticipated, with resulting receipts ahead of those detailed in tables 2-4 above. It is not anticipated as at October 2011, that the assets will be offered for sale at later dates, however if this were to happen, the funding of the capital programme would need to be re-examined.

## 6 PROJECT AND RISK MANAGEMENT

- 6.1 It is imperative that the draft capital programme is considered at this early stage to ensure that adequate financing is in place before the 2012/13 programme commences. Once commenced, all budgets will be monitored monthly, with exceptions reported through Corporate Leadership Team monthly and Executive quarterly so that management action can be taken to ensure the effective use of resources as planned by the Council.
- 6.2 The capital programme assumes funding from the sale of assets and external (grant) contributions. There is no assumption at this stage to borrow to finance the programme. Generation of capital receipts presents risks in terms of the timing and value of receipt. The Development Surveyor and the Contracts and Property Manager meet monthly and review asset sales.

6.3 The value of the Disabled Facility grant, which provides external funding for the housing programme, (£250,000) has been estimated for 2012/13, based on current year receipt, as the award will not be made public until March 2012. The value of receipt has been duplicated for the year 2013/14. If the actual grant receipt fluctuates from this estimate this will impact on the use of the Useable Capital Reserve as detailed in tables 2-4.

6.4 The report makes specific reference to the unknown possible requirement for internal and external capital funding that may arise in connection with potential schemes as detailed in para 1.8 of this report. The risk that contributions may be required are not are not factored into the current proposed programme or funding

## **7 IMPACT ON CORPORATE PLAN**

7.1 The proposed bids have been summarised under the Corporate key objectives as detailed in Appendix B:

### **List of Appendices:**

Appendix A - Draft capital programme 2012/13 -2014/15

Appendix B – Meeting key objectives

Appendix C – Priority of call on capital reserves

Appendices 1-5 New capital bids

**List of Background Documents:** None

### **Consultees:**

Head of Service and Service Managers

DRAFT CAPITAL PROGRAMME BUDGET 12/13, 13/14 & 14/15

BID NO	OTHER (CORPORATE)	Expenditure				Funding				2013/14				2014/15				OVERALL TOTAL 12/13-14/15 £'000	Manager
		2012/13 Existing programme March 11 Council £'000	Slippage £'000 approval sought Exec 11/12 (to September 2010)	Draft bids submitted Nov 11 £'000	Updated for Slippage 11/12 Out turn approval sought Exec May 2012	TOTAL 12/13 Including slippage	UCRR	Preserved Rights To Buy Sales (post stock transfer)	Residual Rights To Buy	External	Existing programme March 12 Council £'000	Slippage £'000 approval sought Exec 12/13	Draft bids submitted Nov 12 £'000	TOTAL 13/14 Including slippage	Existing programme March 13 Council £'000	Slippage £'000 approval sought Exec 13/14	Draft bids submitted Nov 13 £'000		
	<b>Corporate Department:</b>																		
	Chief Executive																		
	<b>Chief Executive Total</b>																		
	<b>Corporate Resources:</b>																		
	Public Buildings Condition Survey Backlog	217,000	51,347	(118,347)	150,000	150,000				217,000			217,000					367,000	
	Energy Efficiency Measures	52,800	34,938		87,738	87,738				52,800			52,800					140,538	
1	Moresby Parks			25,000	25,000	25,000										25,000		25,000	
2	Valuation Data transfer			20,000	20,000	20,000												20,000	
	<b>Corporate Resources Total</b>	<b>269,800</b>	<b>86,285</b>	<b>(73,347)</b>	<b>282,738</b>	<b>282,738</b>				<b>269,800</b>			<b>269,800</b>					<b>652,638</b>	
	<b>Neighbourhoods:</b>																		
	Rottington Beck		11,752		11,752	11,752												11,752	
3	Vehicles			111,000	111,000	111,000						80,000	80,000			90,000	90,000	281,000	
	<b>Neighbourhoods Total</b>		<b>11,752</b>	<b>111,000</b>	<b>122,752</b>	<b>122,752</b>						<b>80,000</b>	<b>80,000</b>			<b>90,000</b>	<b>90,000</b>	<b>292,752</b>	
	<b>Regeneration and Community:</b>																		
	Home Renewal Assistance																		
	Renovation Grant																		
	Disabled Facilities Grants	500,000	255,000		755,000	755,000	445,000		310,000	500,000			500,000	500,000		500,000		1,755,000	
	Albion Square Development		1,850,632		1,850,632	1,850,632	11,887		1,838,745									1,850,632	
	Milom Cemetery Land Purchase	110,000	38,716		148,716	148,716												148,716	
	Copeland Reception		50,000		50,000	50,000												50,000	
4	Whitehaven Townscape Heritage Initiative											250,000	250,000					250,000	
5	Development Management - e-access			10,000	10,000	10,000												10,000	
	<b>Regeneration and Community Total</b>	<b>610,000</b>	<b>1,992,348</b>	<b>10,000</b>	<b>2,612,348</b>	<b>2,612,348</b>	<b>445,000</b>		<b>1,948,745</b>	<b>500,000</b>		<b>250,000</b>	<b>750,000</b>	<b>500,000</b>		<b>500,000</b>		<b>3,862,348</b>	
	<b>TOTAL CAPITAL PROGRAMME</b>	<b>879,800</b>	<b>2,090,385</b>	<b>47,653</b>	<b>3,017,838</b>	<b>3,017,838</b>	<b>624,093</b>		<b>1,948,745</b>	<b>769,800</b>		<b>330,000</b>	<b>1,099,800</b>	<b>500,000</b>		<b>90,000</b>		<b>4,707,638</b>	

£250,000 contribution to a £1.7m project and it is envisaged that the £250k will be paid as a grant and therefore it is this amount that it included in the draft budget as opposed to the full scheme.



New Bids				
1	2	3	4	5
Moresby Parks - Dealing with Vacated Accomodation	Valuation Data Transfer to CCC Terrier System	Fleet Items Replacement (2012/13, 2013/14 & 2014/15 bid)	Whitehaven Townscape Heritage Initiative (2013/14 bid)	Development Management - e-access

Meeting key priorities?	
1.1	Reducing health inequalities
1.2	Supporting communities
1.3	Tackle disadvantage & inequality
1.4	Supporting peoples personal development
2.1	Support work opportunities
2.2	Raise local skill levels
2.3	Sustainability
2.5	Low carbon projects
3.1	High quality housing
3.2	Reduce waste & improve recycling
3.3	Partnership working
3.5	Safer Copeland
3.6	Enhance local physical/natural environment
4.1	Respond to customers needs
4.2	Transform services
4.3	Maintain skilled, adaptable workforce
4.4	Transparent account of performance and resources

To fulfill statutory duties?	N	N	Y/N	N	N
Matched funding as % of bid	N	N	N	85.3	N
Revenue savings achievable?	N	N	N	N	N
Existing policy commitment?	N	N	N	N	N

APPENDIX C - COMMITMENT EFFECT ON AVAILABLE USEABLE CAPITAL RECEIPTS RESERVE

Useable Capital Receipts	£
	as at period 6 2011/12
Opening Balance per Audited Accounts	(55,183)
Actual Drawdown to Period 5/6 etc 2011/12	156,456
Actual Receipts to Period 5/6 etc 2011/12	(656,000)
Current Total	<b>(554,727)</b>
Remaining Forecasted Expenditure for 2011/12	1,226,543
Remaining Forecasted Receipts for 2011/12	(1,064,318)
Forecast year end	<b>(392,502)</b>
Remaining Slippage	145,293
Existing next years budget (approved Feb 2011)	312,800
<b>Forecast after current commitments met</b>	<b>65,591</b>
New blds submitted October 2011 for next year	166,000
Forecast receipts for 2012/13	(3,639,000)
Forecast closing	<b>(3,407,409)</b>

624,093

() - denotes a cash balance held/recieved  
black figures denote expenditure