

PROPOSED CAPITAL PROGRAMME 2009/10 – 2011/12

EXECUTIVE MEMBER: Cllr. Allan Holliday, Deputy Leader of the Council
LEAD OFFICER: Julie Crellin, Head of Finance and Management Information Systems
REPORT AUTHOR: Alison Clark, Accountancy Services Manager

Summary:

The purpose of this report is seeking Executive to recommend to Full Council on 24th February 2009, the proposed Capital Programme 2009/10 – 2011/12. It sets out the proposed financing for the Programme and the estimated capital resources available to fund it.

If approved, this capital investment will assist in ensuring the Council delivers its front line services and meet its key objectives and priorities over the next 3 years as set out in its corporate plan

Recommendations:

- (i) To agree, in principle, the Capital Programme 2009/10 – 2011/12 as set out in this report, subject to the further appraisal of each scheme.
- (ii) To agree to delegate the decision as to who will appraise each scheme to the Head of Finance and MIS and the Deputy Leader and decisions to be reported to Executive as part of the Capital Budget monitoring process during the year.

1. INTRODUCTION

- 1.1 Each year the Council updates its three year rolling capital programme for the purchase of tangible fixed assets, bringing them into use and enhancing them as defined in accounting standards.
- 1.2 There are several sources of funding available for the capital programme, including the option of prudential borrowing, the application of capital receipts, revenue contributions to capital expenditure and the use of external funding and grants.
- 1.3 There are strict definitions of what constitutes capital expenditure and capital resources can only be used to fund capital expenditure. As with previous years, it is not anticipated that the Council will need to arrange any external borrowing to support the short to medium term capital programme, and will utilise usable capital receipts available to it.

- 1.4 It must be noted, however, that the capital receipts generated during the lifetime of the Programme are estimates at this stage, and in the light of the current economic downturn, the need to consider flexibly the programme against resources is even more critical.
- 1.5 The proposals were discussed by the Resources Planning Working Group at its meetings in January, and in recommending the Programme to Executive for its recommendation to Council, RWPG recommended that the Programme be agreed in principle, but that before new starts commence, the schemes are further appraised by an appropriate body, depending on their magnitude and impact, and Corporate Management Team and the Corporate Improvement Board were suggested as appropriate bodies. The Head of Finance and MIS, in consultation with the Deputy Leader are recommended to agree the appraisal threshold and ensure that approvals are reported to Executive as part of the budget monitoring and reporting cycle.

2 PROPOSED CAPITAL PROGRAMME 2009/10 – 2011/12

- 2.1 The proposed Capital Programme for the three year period 2009/10 – 2011/12, including the existing programme and new bids (excluding slippage) totals £5,457,500. Slippage from 2008/09 is forecast to be £2,254,000. The proposed Capital Programme is set out in Appendix A.
- 2.2 The proposed Capital Programme is shown in two parts, the Other (Corporate) Programme and the Housing Programme. The Head of Finance and MIS believes it is important that the funding for these elements of the Capital Programme is clearly delineated and monitoring against the funding is explicit. This represents a step-change improvement in reporting and budgetary management for 2009/10.
- 2.3 Appendix B, which is detailed, sets out the proposed funding of the Capital Programme 2009/10 – 2011/12. It is unfortunate the audit of the 2006/07 and 2007/08 Accounts has not been completed prior to the preparation of the Budget and so the funding statements show the opening balances of funding at 1st April 2008, as provisional at this stage. Once the audit is complete, there may be a requirement to amend the opening balances and adjust the Minimum Revenue Provision which, if required, would impact upon the Usable Capital Receipts Balance. If so, these amendments and their implications would be reported to Executive.

- 2.4 The proposed Capital Programme 2009/10 – 2011/12 (excluding slippage from 08/09) is to be funded from Usable Capital Receipts of £2,218,000, draw down from the (capital) Crematorium Sinking Fund of £167,500 and external funding of £3,072,000. This is summarised in Appendix C.
- 2.5 Capital receipts for the three year period to 31 March 2012 are estimated at £1,836,000. There is no external borrowing requirement as there are sufficient capital receipts to fund the programme in the medium term. However, it should be noted that capital receipts estimated for 2009/10 of £1,756,000 includes £1,400,000 relating to a self build group project. Given current economic conditions, this may not be realised, and the appraisal of new starts before commencement will provide the opportunity to 'flex' the timing of the expenditure if necessary.
- 2.6 The proposed Capital Programme covers a wide range of major investment in information and communications technology (£250,000), public buildings (£1,126,000), council owned property (£980,000), various leisure and environmental projects (£281,000), and housing (£2,820,000).
- 2.7 Because of the nature and size of the projects mentioned above, these are not all planned to be fully completed by the end of 2009/10 and will be rolled over where applicable into the following financial year.
- 2.8 The Proposed Capital Programme for 2009/10 of £3,119,000 consists of £696,000 for the existing programme and £2,423,000 for new starts. This is to be financed from usable capital receipts of £1,349,000 and £1,602,000 from external sources.
- 2.9 It is anticipated that usable capital receipts at the commencement of 2009/10 will be £6,930,000 reducing by £1,344,000 to £5,586,000 at financial year end.
- 2.10 In the longer term, and based on future capital expenditure and receipts, it is estimated that usable capital receipts will show a balance in the region of £4,797,000 at 31 March 2012.
- 2.11 The Proposed Capital Programme Expenditure is attached at Appendix A, the Proposed Capital Programme Funding is attached at Appendix B and Appendix A & B are summarised in Appendix C. The Capital Strategy is attached at Appendix B, and Appendix C contains high level forecasts of capital spend and funding for the period from 2008/09 (forecast outturn), to 2011/12, (proposed programme).

3 FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

- 3.1 The Proposed Capital Programme of £5,458,000 (excluding forecast slippage of £2,254,198), is to be funded from usable capital receipts (£2,218,000), draw down from the Crematorium Sinking Fund of £167,500 and external funding of £3,072,000. There is no requirement for prudential borrowing.
- 3.2 In setting its Budget Requirement, the Council is required under the Local Government Act 2004 (Section 25) to consider the levels of borrowing, if any, it wishes to make under the Prudential Code. The Prudential Code enables Councils to borrow subject to affordability criteria. The draft Prudential Indicators are included in the Treasury Management Strategy. For the period 2009/10 – 2011/12, it is recommended that no borrowing will be undertaken as the level of capital receipts will be sufficient to fund the proposed Capital Programme.
- 3.3 The programme is funded from capital receipts, grants and other external funding, and for housing, the preserves and residual right to buy receipts. However, there is a risk in the current economic climate that capital receipts may not be generated, and therefore, the use of prudential borrowing will be subject to review, as appropriate.

4 IMPACT ON CORPORATE PLAN

- 4.1 By ensuring that the Council utilises its resources effectively, the Capital Strategy supports delivery of the Corporate Plan.

List of Appendices

Appendix A: Forecast Expenditure outturn for the 2008/09 Capital Programme and forecasts for the period 2009/10 to 2011/12

Appendix B: Forecast Funding outturn for the 2008/09 Capital Programme and forecasts for the period 2009/10 to 2011/12

Appendix C: Forecast Summary outturn for the 2008/09 Capital Programme and forecasts for the period 2009/10 to 2011/12

List of Background Documents: Capital Programme budget build, Report to RPWG at its meetings of 22nd and 29th January 2009.

List of Consultees: Resource Planning working Group, Corporate Team, Budget Managers

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed. This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	None
Impact on Sustainability	None
Impact on Rural Proofing	None
Health and Safety Implications	None
Impact on Equality and Diversity Issues	None
Children and Young Persons Implications	None
Human Rights Act Implications	None
Section 151 Officer Comments	The Proposed Capital Programme 2009/10 – 2011/12 does not require the need for prudential borrowing. The use of prudential borrowing, however, will be kept under review.
Monitoring Officer Comments	None

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APPENDIX A

PROPOSED CAPITAL PROGRAMME - EXPENDITURE

Forecast Expenditure outturn for the 2008/09 Capital Programme and forecasts for the period 2009/10 to 2011/12 use of capital receipts

OTHER (CORPORATE)	2008/09			2009/10		2010/11		2011/12		Total New Bids	OVERALL TOTAL 08/10 to 11/12 (excl 08/09 slippage) £'000	Manager
	Budget £'000	Forecast Outturn £'000	Slippage £'000	Existing programme Feb 08 Council £'000	New bids / changes to bids £'000	Existing programme Feb 08 Council £'000	New bids / changes to bids £'000	Existing programme Feb 08 Council £'000	New bids / changes to bids £'000			
Corporate Department:												
Management Information Systems												
Revenues and Benefits Remote Working			3,000									H Mitchell
New Financial Mgmt System			54,535									J Crellin
E-Market Place			13,860									C Lloyd
New CRM			39,119	20,000								J Sall
T-Enabling			60,000	90,000							20,000	R Quayle
T Enabling/New CRM/Website Development				30,000							90,000	R Quayle
GIS Upgrade					10,000						30,000	H Mitchell
Regeneration Software			183,486	5,000	23,000					10,000	10,000	P Graham
Performance Management Software				3,000	3,500	3,000				23,000	28,000	H Mitchell
Waste Route Optimisation using GIS					32,500					3,500	9,500	P Graham
Data Capture					30,000					32,500	32,500	H Mitchell
Management Information Systems - Total	670,114	315,469	354,000	148,000	99,000	3,000				30,000	30,000	J Carroll
Public Buildings												P Graham
Public Toilets			757							99,000	250,000	
Public Buildings Condition Survey Backlog				312,000	9,360	234,000	7,020	189,000	5,670			C Lloyd
Energy Efficiency Measures					53,000					22,050	757,050	C Lloyd
Land purchase for Milom Cemetery Extension					50,000					159,000	159,000	C Lloyd
NCL Capital Improvements Work				133,000	(113,000)	140,000	(100,000)			150,000	150,000	C Lloyd
Public Buildings - Total	391,459	388,948	757	445,000	(640)	374,000	10,020	189,000	108,670	(213,000)	60,000	C Lloyd
Property												
New cremators, Distington Crematorium					500,000							
Surveys Cleansing Repairs Adopt Drains			164,482		264,000		200,000			700,000	700,000	C Lloyd
Chapel Street car park mineshaft phase 3					16,000					264,000	264,000	J O'Reilly
Milom Office Customer Service refit										16,000	16,000	C Lloyd
Property - Total	1,420,261	1,046,721	164,482	-	780,000	-	200,000	-	-	980,000	980,000	P Graham
Leisure & Environmental Services												
Gabion Baskets - Seascale			5,700									J O'Reilly
Whitehaven Cemetery			10,000									T Magean
NCL (Invest to save)					10,000							C Lloyd
Cemeteries and Children's Play Areas H&S Condition Report					123,350					10,000	10,000	T Magean
Egremont Play Area				49,000	5,000		44,100			167,450	167,450	T Magean
Seascale Wheeled Activity Area				54,000	(4,000)					5,000	54,000	T Magean
Leisure & Environmental Services - Total	214,082	220,766	15,700	103,000	134,350	-	44,100	-	-	(4,000)	50,000	T Magean
Regeneration												
Milom & Haverigg MTI			14,335									J Betteridge
MTI Prog (Egremont)			2,082									J Betteridge
Market Towns Regeneration - Capital Infrastructure			20,000									J Betteridge
Egremont Historic Buildings Grant			6,605									J Betteridge
Regeneration - Total	1,336,487	1,388,756	43,022	-	-	-	-	-	-	-	-	
TOTAL CAPITAL PROGRAMME - OTHER	4,032,403	3,360,660	577,961	696,000	1,012,710	377,000	254,120	189,000	108,670	1,376,500	2,637,500	

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APPENDIX A

PROPOSED CAPITAL PROGRAMME - EXPENDITURE

Forecast Expenditure outturn for the 2008/09 Capital Programme and forecasts for the period 2009/10 to 2011/12 use of capital receipts

HOUSING	2008/09			2009/10		2010/11		2011/12		Total New Bids	OVERALL TOTAL 09/10 to 11/12 (excl slippage) £'000	Manager
	Budget £'000	Forecast Outturn £'000	Slippage £'000	Existing programme Feb 08 Council £'000	New bids / changes to bids £'000	Existing programme Feb 08 Council £'000	New bids / changes to bids £'000	Existing programme Feb 08 Council £'000	New bids / changes to bids £'000			
Grants & Financial Assistance:												
Renovation Grants - Home Repair Assistance	69,709	38,232	31,477	}	1,200,000	}	1,200,000	}	TBC	}	2,400,000	L Priebe L Priebe L Priebe L Priebe
Renovation Grants - Owner/Occupier	2,114,024	990,213	1,123,811									
Renovation Grants - Empty Properties	5,000	1,000	4,000									
Disabled Facilities Grants	613,917	600,000	13,917									
					210,000		210,000		TBC		420,000	
	2,802,650	1,629,445	1,173,205		1,410,000		1,410,000			2,820,000	2,820,000	
Housing Market Renewal												
Basket Road - Lead Design Consultancy	35,032	30,000	5,032		-		-		-		-	C Pickles C Pickles J Betteridge
Basket Road - Capital Scheme Implementation (inc Kells)	456,393	10,000	440,000		-		-		-		-	
Woodhouse Clearance	398,800	388,945	10,000		-		-		-		-	
Greenbank Ground Conditions	80,000	31,631	48,000		-		-		-		-	
	970,225	460,576	503,032		-		-		-		-	
Structural Remedial Works												
Structural Remedial Works -Trusteel	347,548	195,000	-		-		-		-		-	J Betteridge
	347,548	195,000	-		-		-		-		-	
TOTAL CAPITAL PROGRAMME - HOUSING	4,120,423	2,285,021	1,676,237		1,410,000		1,410,000			2,820,000	2,820,000	
TOTAL CAPITAL PROGRAMME EXPENDITURE	8,152,826	5,645,681	2,254,198	696,000	2,422,710	377,000	1,664,120	189,000	108,670	4,195,500	5,457,500	
Total New Annual Programme					3,118,710		2,041,120		297,670		5,457,500	

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APPENDIX B

PROPOSED CAPITAL PROGRAMME - FUNDING

Forecast Funding outturn for the 2008/09 Capital Programme and forecasts for the period 2009/10 to 2011/12 use of capital receipts

FUNDING - OTHER (CORPORATE)	2008/09			2009/10		2010/11		2011/12		Total New Bids	OVERALL TOTAL 09/10 to 11/12 (excl 08/09 slippage) £'000
	Budget £'000	Forecast Outturn £'000	Slippage £'000	Existing programme Feb 08 Council £'000	New bids / changes to bids £'000	Existing programme Feb 08 Council £'000	New bids / changes to bids £'000	Existing programme Feb 08 Council £'000	New bids / changes to bids £'000		
Funded by:											
Useable Capital Receipts	(2,499,251)	(1,610,200)	(577,961)	(592,000)	(757,210)	(377,000)	(224,120)	(189,000)	(78,670)	(1,060,000)	(2,218,000)
Crematorium Sinking Fund					(167,500)					(167,500)	(167,500)
New cremators, Distington Crematorium (Cameo)					(88,000)		(30,000)		(30,000)	(148,000)	(148,000)
Egremont Play Area				(54,000)	-		-		-	-	(54,000)
Seascale Wheeled Activity Area				(50,000)	-		-		-	-	(50,000)
Other External Funding	(1,514,152)	(1,731,460)		(104,000)	(88,000)	-	(30,000)	-	(30,000)	(148,000)	(252,000)
Other Reserves & contributions	(19,000)	(19,000)		-	-	-	-	-	-	-	-
TOTAL FUNDING - OTHER	(4,032,403)	(3,360,660)	(577,961)	(696,000)	(1,012,710)	(377,000)	(254,120)	(189,000)	(108,670)	(1,375,500)	(2,637,500)

FUNDING - HOUSING	2008/09			2009/10		2010/11		2011/12		Total New Bids	OVERALL TOTAL 09/10 to 11/12 (excl 08/09 slippage) £'000
	Budget £'000	Forecast Outturn £'000	Slippage £'000	Existing programme Feb 08 Council £'000	New bids / changes to bids £'000	Existing programme Feb 08 Council £'000	New bids / changes to bids £'000	Existing programme Feb 08 Council £'000	New bids / changes to bids £'000		
Funded by:											
Capital Receipts Preserved right to buy sales (post stock transfer)	(500,000)	(246,445)	(253,555)	-	-	-	-	-	-	-	-
Residual Right to Buy receipts (pre stock transfer)	(919,650)	(919,650)		-	-	-	-	-	-	-	-
Useable Capital Receipts	(347,548)	(195,000)		-	-	-	-	-	-	-	-
Other External Funding											
Local Authority Housing Capital Allocation	(1,175,000)	(1,175,000)			(1,200,000)		(1,200,000)		-	(2,400,000)	(2,400,000)
Disabled Facilities Grant	(208,000)	(208,000)			(210,000)		(210,000)		-	(420,000)	(420,000)
Housing Market Renewal	(970,225)	(460,576)	(503,032)		-		-		-	-	-
Other External Funding	(2,353,225)	(1,843,576)	(503,032)		(1,410,000)		(1,410,000)		-	(2,820,000)	(2,820,000)
TOTAL FUNDING - HOUSING	(4,120,423)	(2,285,021)	(1,676,237)	-	(1,410,000)	-	(1,410,000)	-	-	(2,820,000)	(2,820,000)

RESERVES

Analysis of Capital Receipts Unapplied - Capital receipts from Sale of assets & repayment of third party loans:					
Opening balance (April) PROVISIONAL	1,349,385	1,349,385		909,400	738,229
Receipts in year	1,365,215	1,365,215		1,756,000	167,109
Utilised in year - OTHER	(2,499,251)	(1,610,200)		(1,927,171)	50,000
Utilised in year - HOUSING	(347,548)	(195,000)		-	(267,670)
BALANCE CARRIED FORWARD - General Capital Receipts	(132,199)	909,400	-	738,229	(50,561)
Analysis of Capital Receipts Unapplied - Right to Buy Receipts:					
Opening balance (April) PROVISIONAL	4,867,096	4,867,096		4,620,652	3,447,446
Receipts in year					3,447,446
Utilised in year - HOUSING	(1,419,650)	(246,445)		(1,173,205)	-
BALANCE CARRIED FORWARD - Right to Buy	3,447,446	4,620,652	-	3,447,446	3,447,446
Analysis of Capital Receipts Unapplied - VAT sharing receipt following Housing Stock Transfer:					
Opening balance (April) PROVISIONAL	1,400,000	1,400,000		1,400,000	1,400,000
Receipts in year					
Utilised in year - HOUSING	-	-		-	-
BALANCE CARRIED FORWARD - VAT sharing receipt	1,400,000	1,400,000	-	1,400,000	1,400,000

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APPENDIX B

PROPOSED CAPITAL PROGRAMME - FUNDING

Forecast Funding outturn for the 2008/09 Capital Programme and forecasts for the period 2009/10 to 2011/12 use of capital receipts
Notes:

1. Receipts in year shown here are those deemed 'likely' by the Contracts and Projects Manager. All receipts deemed 'unlikely' have been excluded. Where sale price is not known, market price has been used instead. The receipts figure for 2009/10 of £1,756,000 includes £1,400,000 relating to a self build group project. Given current economic conditions, it is debatable whether this will be realised in 2009/10. It is therefore advisable to move as much of the 2009/10 programme as possible forward into 2001/011 to ensure that capital receipts are sufficient to fund the programme.

2. 2008/09 balance is the closing balance per the unaudited 2007/08 Financial Statements.

3. Other External Funding:

	£
Public Buildings	46,355
Property	295,690
L&ES	149,824
Regeneration	1,239,591
	<u>1,731,460</u>

Primarily Coastal Fringe scheme

4. It is assumed that the 2008/09 'Other' (i.e. excluding Housing) Capital Programme expenditure slippage will be fully funded from Useable Capital Receipts.

5. Trusteel Project

PROPOSED CAPITAL PROGRAMME - SUMMARY

SUMMARY - Forecast outturn for the 2008/09 Capital Programme and forecasts for the period 2009/10 to 2011/12 use of capital receipts

	2008/09			2009/10			2010/11			2011/12			Total New Bids	OVERALL TOTAL 09/10 to 11/12 (excl 08/09 slippage)
	Budget £'000	Forecast Outturn £'000	Slippage £'000	Existing programme £'000	New bids / changes to bids £'000	2009/10 TOTAL £'000	Existing programme £'000	New bids / changes to bids £'000	2009/10 TOTAL £'000	Existing programme £'000	New bids / changes to bids £'000	2009/10 TOTAL £'000		
Management Information Systems - Total	670,114	315,469	354,000	148,000	99,000	247,000	3,000	-	3,000	-	-	-	99,000	250,000
Public Buildings - Total	391,459	388,948	757	445,000	(640)	444,360	374,000	10,020	384,020	189,000	108,670	297,670	118,050	1,126,050
Property - Total	1,420,261	1,046,721	164,482	-	780,000	780,000	-	200,000	200,000	-	-	-	980,000	980,000
Leisure & Environmental Services - Total	214,082	220,766	15,700	103,000	134,350	237,350	-	44,100	44,100	-	-	-	178,450	281,450
Regeneration - Total	1,336,487	1,388,756	43,022	-	-	-	-	-	-	-	-	-	-	-
Housing - Total	4,120,423	2,285,021	1,676,237	-	1,410,000	1,410,000	-	1,410,000	1,410,000	-	-	-	2,820,000	2,820,000
TOTAL CAPITAL PROGRAMME EXPENDITURE	8,152,826	5,645,681	2,254,198	696,000	2,422,710	3,118,710	377,000	1,664,120	2,041,120	189,000	108,670	297,670	4,195,500	5,457,500
Funded by:														
Useable Capital Receipts	(2,846,799)	(1,805,200)	(577,961)	(592,000)	(757,210)	(1,349,210)	(377,000)	(224,120)	(601,120)	(189,000)	(78,670)	(267,670)	(1,060,000)	(2,218,000)
Capital Receipts Preserved right to buy sales (post stock transfer)	(500,000)	(246,445)	(253,555)	-	-	-	-	-	-	-	-	-	-	-
Residual Right to Buy receipts (pre stock transfer)	(919,650)	-	(919,650)	-	-	-	-	-	-	-	-	-	-	-
Crematorium Sinking Fund	-	-	-	-	(167,500)	(167,500)	-	-	-	-	-	-	(167,500)	(167,500)
Other External Funding	(3,867,377)	(3,575,036)	(503,032)	(104,000)	(1,498,000)	(1,602,000)	-	(1,440,000)	(1,440,000)	-	(30,000)	(30,000)	(2,968,000)	(3,072,000)
Other Reserves & contributions	(19,000)	(19,000)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL FUNDING	(8,152,826)	(5,645,681)	(2,254,198)	(696,000)	(2,422,710)	(3,118,710)	(377,000)	(1,664,120)	(2,041,120)	(189,000)	(108,670)	(297,670)	(4,195,500)	(5,457,500)
Analysis of Capital Receipts Unapplied:														
(*) Opening balance (April) PROVISIONAL	7,616,481	7,616,481	-	-	-	6,930,052	-	-	5,585,675	-	-	5,014,555	-	-
Receipts in year	1,365,215	1,365,215	-	-	-	1,756,000	-	-	30,000	-	-	50,000	-	-
Utilised in year - OTHER	(2,499,251)	(1,610,200)	-	-	-	(1,927,171)	-	-	(601,120)	-	-	(267,670)	-	-
Utilised in year - HOUSING	(1,767,198)	(441,445)	-	-	-	(1,173,205)	-	-	-	-	-	-	-	-
BALANCE CARRIED FORWARD	4,715,247	6,930,052	-	-	-	5,585,675	-	-	5,014,555	-	-	4,796,885	-	-

(*) PROVISIONAL OPENING BALANCE (per unaudited 2007/08 accounts) - Capital Receipts Unapplied:

	£	£
Residual Right to Buy receipts (pre stock transfer)	1,349,385	
Capital Receipts Preserved right to buy sales (post stock transfer)	1,956,150	
Total Right to Buy Receipts		3,305,535
Capital Receipts from sale of assets & repayment of 3rd party loans		2,910,946
VAT sharing receipt following the Housing Stock Transfer		1,400,000
		7,616,481