

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 27 JANUARY 2010

**EXECUTIVE
9 FEBRUARY 2010**

CAPITAL PROGRAMME (2010/11 – 2012/13)

1. PURPOSE OF THE REPORT

- 1.1 To approve the General Fund and Housing Revenue Account Capital Programmes for 2010/11 along with schemes identified for the following two years.

2. BACKGROUND

- 2.1 In accordance with the Prudential Code for Capital Finance in Local Authorities, the Council is required to prepare three-year capital expenditure plans and consider the affordability of its capital investment during all the years in which it will have a financial impact on the authority.
- 2.2 The key objectives of the Prudential Code are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable and in considering its programme for capital investment, the Council is therefore required to have regard to:
- Affordability, e.g. implications for Council Tax and rent levels
 - Prudence and sustainability, e.g. implications for external borrowing
 - Value for money, e.g. option appraisal
 - Stewardship of assets, e.g. asset management planning
 - Service objectives, e.g. strategic planning for the authority
 - Practicality, e.g. achievability of the forward plans

3. AVAILABLE CAPITAL RESOURCES

- 3.1 In considering the affordability of the Council's capital plans, the authority is required to consider all of the resources currently available to it and estimated resources for the future.
- 3.2 Together with money from the Council's own capital receipts and capital reserves, the annual capital programme is financed from; Government grants, Section 106 monies, partnership funding and other external grants and contributions. If necessary, the Council may borrow to supplement these funds.
- 3.3 Under the prudential capital finance system, individual authorities are responsible for deciding the level of their affordable borrowing. The system is designed to encourage authorities that need, and can afford, to borrow for capital investment to do so.
- 3.4 The Council must ensure that any borrowing decisions remain affordable and to this end, has to adopt a number of prudential indicators, which are set out in the Prudential Code for Capital Finance in Local Authorities, developed by CIPFA. A report to the Executive setting out the Council's Prudential Indicators will be presented at the February meeting along with the overall budget.

3.5 *General Fund Available Resources*

The Council will carry forward no unapplied General Fund capital receipts into 2010/11 as the unapplied capital receipts will be fully utilised by the 2009/10 capital programme and the Council will need to borrow in order to achieve the programme. Appendix 1 sets out the use of the resources available in respect of the General Fund.

3.6 Based upon the assumption that 70% of the Capital Programme will be spent in the financial year it is approved, it is forecast that the Council will have to continue to use borrowing for capital purposes from 2009/10 onwards.

3.7 A borrowing requirement of £23.9 million has been identified over the next four financial years, which will have an ongoing impact on the Council Tax. The current revenue cost of borrowing is approximately £83,000 for each £1 million that is borrowed. The affordability of the General Fund capital programme is ultimately decided by the incremental impact of capital investment decisions on the Council Tax.

3.8 *Housing Revenue Account Available Resources*

All usable capital receipts will be utilised in 2009/10. The capital programme for 2010/11 will be funded from the Major Repairs Allowance, Revenue Contribution, any capital receipts generated in the period and use of part of the HRA working balance. Appendix 2 sets out the use of the resources available in respect of the HRA.

3.9 Based upon the medium term financial plan it is projected that borrowing will not need to commence until 2011/12 for HRA capital purposes, at which point the borrowing costs will have an incremental impact on housing rents.

3.10 *Council House Building Programme Available Resources*

Wave One of the Council House Building Programme has been approved and works have commenced. The programme will be funded from grant funding from the National Affordable Housing Programme through the Homes and Communities Agency, budget transfer from the Council's Affordable Housing Programme and borrowing. The borrowing will be funded from within the rental stream of the new properties.

3.11 The funding schedule for the programme is attached at Appendix 3.

4. **GENERAL FUND CAPITAL PROGRAMME**

4.1 The proposed capital programme is set out in Appendix 4. The table below sets out the total of new capital bids included within the three-year capital expenditure plans for Executive to consider for approval:

Status	2010/11 £	2011/12 £	2012/13 £	Future Years £
Pre-approved schemes	9,682,740	5,714,510	1,740,000	200,000
New bids	1,704,290	120,000	120,000	140,000
Total General Fund Capital Programme	11,387,030	5,834,510	1,860,000	340,000

4.2 The capital programme has been set out in line with the Exeter Vision themes, in order

to demonstrate how the Council's capital priorities help to contribute towards their achievement. Although a number of schemes contribute to the achievement of more than one vision theme, they have been placed under the theme to which it is considered the scheme contributes the most.

4.3 Details of the new capital bids are set out below, in order to provide an indication of how the Council seeks to further its capital investment.

4.3.1 *An Accessible City*

It is proposed that funding is made available to make the King William Street car park more attractive and secure in an attempt to maintain and increase both custom and income in the face of increased parking competition and to make the area surrounding the car park more attractive to potential developers and tenants to encourage investment and regeneration options.

Funding is requested to provide a footpath/cycleway in Well Oak Park to connect to Shakespeare Road, including installation of lighting and CCTV, re-landscaping and closing off of the connection to Wyvern Park, some funding has already been attained for this project from a S106 agreement.

4.3.2 *An Electronic City*

A range of IT capital schemes are proposed for next financial year, which will help to improve service efficiency and customer access. Through the utilisation of the latest technology, improvements in data storage, data retrieval, communication and management information will be possible.

Some major schemes for this year include the corporate server replacement, the continuation of the Council's PC replacement programme and continued development of the corporate network infrastructure.

4.3.3 *A Cultural and Fun Place to be*

It is proposed that funding be made available to continue the Council's programme of general improvements to playing fields, changing rooms and sports pitches and to improve paths, gates and fences within parks.

It is proposed to undertake replacement and improvement projects at leisure facilities including contractual replacement projects and DDA improvements.

4.3.4 *A City Where the Environment is Cared For*

Funding is requested for the provision of new wheelie bins for new developments and extra bins for existing properties and for the provision of Midi Recycling Banks to help improve recycling rates.

4.3.5 *Achieving Excellence in Public Services*

It is proposed that funding be made available to allow for the continuation of the Council's vehicle replacement programme to ensure that a safe and reliable fleet is maintained.

Funding is requested to continue the works necessary to improve the storage buildings and structures at Belle Isle Nursery.

Funding has been set aside to provide in-cab and hand-held mobile technology for use by vehicle-based and on-foot outdoor workers and a Customer Relation Management link between the Council website and back and front office systems. This project will be funded from an external contribution from the South West Regional Improvement and Efficiency Programme and from the Council's LGR and Mobile Working Budget.

5. ACHIEVABILITY OF THE GENERAL FUND CAPITAL PROGRAMME

5.1 In order to help improve overall delivery and monitoring of the capital programme, schemes have been placed within two categories, C1 and C2. Category C1 is for those schemes that the Council is committed to and reasonably certain of being able to deliver within the planned timescales. Conversely, Category C2 is for those schemes that the Council is committed to but are less certain of being able to deliver due primarily to factors outside of the control of the Council. It is also acknowledged that some schemes will have elements within both categories.

6. HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

6.1 For 2010/11, the medium term financial plan provides for a capital programme of £5,207,510. A copy of the HRA Capital Programme is attached at Appendix 5.

6.2 The HRA Capital Programme will be funded by:

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|------------------------------------|---------|
| • Major Repairs Allowance | £3.343m |
| • HRA Capital Receipts | £0.100m |
| • HRA Working Balance | £0.643m |
| • Revenue Contributions to Capital | £1.122m |

6.3 These resources will be utilised to improve Council dwellings so that they meet not only the Government's Decent Homes Standard but also the higher Exeter Standard, which the Council has agreed with its tenants.

6.4 In accordance with the HRA Business Plan, the capital programme is intended to meet the Decent Homes Standard by 2010 and the Exeter Standard by 2015.

7. COUNCIL HOUSE BUILDING PROGRAMME

7.1 The expected expenditure for 2010/11 is £2,330,790. A copy of the Council House Building Programme is attached at Appendix 6.

7.2 A bid has been submitted to the Homes and Communities Agency for Wave Two of the programme. A decision should be known in January 2010 and the budgets will be updated accordingly.

8. RECOMMENDATIONS

8.1 It is recommended that the Scrutiny Committee – Resources supports and the Executive approves:

- The General Fund capital programme for 2010/11 as set out in Appendix 4
- The HRA capital programme for 2010/11 as set out in Appendix 5

- The Council House Building programme for 2010/11 as set out in Appendix 6

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:

None