

## **EXETER CITY COUNCIL**

### **SCRUTINY COMMITTEE - RESOURCES**

**25 JANUARY 2012**

#### **EXECUTIVE**

**7 FEBRUARY 2012**

#### **COUNCIL**

**21 FEBRUARY 2012**

### **CAPITAL PROGRAMME (2012/13 – 2014/15)**

#### **1. PURPOSE OF THE REPORT**

- 1.1 To approve the General Fund and Housing Revenue Account Capital Programmes for 2012/13 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*

Based upon the assumption that broadly 70% of the Capital Programme will be spent in the financial year it is approved, the Council will have to continue to use borrowing for capital purposes. Appendix 1 sets out the use of the resources available in respect of the General Fund.

3.6 A borrowing requirement of £14.88 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 between £50,000 and £60,000 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.

### 3.7 *Housing Revenue Account Available Resources*

The capital programme for 2012/13 will be funded from the Major Repairs Allowance, Revenue Contribution and any external contributions and capital receipts generated in the period. Appendix 2 sets out the use of the resources available in respect of the HRA.

## 4. **GENERAL FUND CAPITAL PROGRAMME**

4.1 The proposed capital programme is set out in Appendix 3. 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	2012/13 £	2013/14 £	2014/15 £	Future Years £
Pre-approved schemes	6,620,170	1,304,830	951,000	551,000
New bids	1,915,500	0	0	0
Total General Fund Capital Programme	8,535,670	1,304,830	951,000	551,000

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 Electronic City*

The proposed programme for the next financial year includes provision to continue with the programmes to replace and upgrade the Council's PC's and enhance and upgrade the corporate network infrastructure, and to increase server and storage capacity to meet the current and predicted demand.

Budget provision is also sought to implement security controls to strengthen prevention of the disclosure of restricted and sensitive information and provide information assurance. This will ensure compliance with requirements for connection to the Government secure internet. Such connections will increase as more Government agencies are available online and connect to that network.

#### 4.3.2 *A Cultural and Fun Place to be*

Funding is requested to improve the appearance, play value and usability of the children's play areas at Woodwater Lane, Bull Meadow, Chantry Meadow and Great Hill View and to extend the useful life of each site.

It is proposed that funding be made available to replace the existing skate park facility at Flowerpot Fields. The original timber and tarmac ramps have reached the end of their useful lifespan and the aim of this project is to create a major new concrete skate park on the existing 'Chill Zone' site, providing challenging facilities for skaters, in-line skaters and BMX riders of all abilities from across Exeter and beyond.

Budget provision is also sought to enable the replacement of St Thomas paddling pool with a fun water play feature and to upgrade the Heavitree paddling pool.

#### 4.3.3 *A City Where the Environment is Cared For*

It is proposed that funding be made available to carry out maintenance on Exhibition Way Bridge to ensure the structure over the railway is safe.

Funding is requested for environmental improvements at Central Station. The project will create a new pedestrian public place by transforming the station forecourt through the removal of vehicle access and car parking. The scheme will involve high quality landscape works including natural stone paving and tree planting to create a safe and attractive, traffic free public place. This would allow street cafes, seating and an improved setting to the elegant station building.

#### 4.3.4 *Housing in the City*

Budget provision is sought to continue the provision of affordable housing in partnership with registered providers, developers and owners through the:

- provision of new, converted, adapted or extended homes including wheelchair users;
- promotion of high building and energy efficiency standards;
- reuse of privately-owned empty and under-used property;
- purchase of potential affordable housing sites;
- trickle transfer and improvement of the residual Laings stock (21 homes remain);

and to add to and improve the Council's temporary accommodation stock; and to fund the installation of residential sprinklers in new affordable housing.

#### 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.

## **5. HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME**

5.1 For 2012/13, the medium term financial plan provides for a capital programme of £6,096,160. A copy of the HRA Capital Programme is attached at Appendix 4.

5.2 The HRA Capital Programme will be funded by:

- |                                    |         |
|------------------------------------|---------|
| • Major Repairs Allowance          | £3.666m |
| • HRA Capital Receipts             | £0.100m |
| • External contributions           | £0.100m |
| • Revenue Contributions to Capital | £2.230m |

5.3 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. RECOMMENDATIONS**

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

- The General Fund capital programme for 2012-13 as set out in Appendix 3
- The HRA capital programme for 2012-13 as set out in Appendix 4

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

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

**Background papers used in compiling this report:**

None