

**COUNCIL - 16<sup>TH</sup> DECEMBER 2010**

**CAPITAL PROGRAMME & ASSET MAINTENANCE 2011/14**

Report of the: Deputy Chief Executive & Corporate Resources Director

Also considered by: Cabinet – 13 December 2010

Status: For Decision

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**Executive Summary:**

This report sets out the proposed 2011/14 Capital Programme, with supporting documentation in a standard format for individual scheme bids. Projected capital receipts are included, indicating the proposed financing of the Programme. A proposed overall provisional limit for Asset Maintenance is also made.

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**This report supports all the Council's key themes and objectives.**

**Portfolio Holder** Cllr. Ramsay

**Head of Service** Head of Finance and Human Resources – Tricia Marshall

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**Recommendation:** It be recommended to Council that:

- (a) the Capital Programme 2011/14 and funding method set out in Appendix B be approved, and
  - (b) the proposed Asset Maintenance budget of £664,000 be agreed for 2011/12.
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**Background**

- 1 A copy of the existing 2010/13 three year programme is attached at Appendix A. The 2010/11 column includes budgets brought forward from 2009/10. Forecast outturn figures for the current year and estimated carry forward figures are shown.
- 2 The Council's current policy in relation to capital expenditure is as follows:  
"no new schemes to be added to the programme except mandatory improvement grants, information technology and vehicle replacements"
- 3 This policy has previously been revised and updated as part of the Best Value review of Asset Management and Capital Investment, including the development of a formal options appraisal process.

**Item No. 5(d)****Capital Bids**

- 4 Scheme Bid Documents are attached at Appendix C for all on-going items referred to at paragraph 2 above which require additional capital resources. These documents identify any external funding available and indicate the internal funding source.
- 5 The new scheme proposed is for the Modern Government document management system.
- 6 Appendix B summarises the position if all schemes are approved, and indicates the funding methods proposed.
- 7 Unspent schemes in the current year's programme (2010/11) may be carried forward to 2011/12 subject to Cabinet approval when the outturn is known.

**Capital Receipts**

- 8 Other than the Vehicle Renewal Fund, net capital scheme costs are partially funded from Capital Receipt balances. New receipts expected over the programme period are as follows:

	<i>2010/11</i> <i>£000</i>	<i>2011/12</i> <i>£000</i>	<i>2012/13</i> <i>£000</i>	<i>2013/14</i> <i>£000</i>
Shared Ownership Staircasing	100	75	50	25
Mortgage repayments (net of pooling)	3	3	2	1
Land Sales	910	730	1,000	750
	1,013	808	1,052	776

The Land Sales receipts arise from the Property Review process which plans and monitors actions to dispose of surplus sites as part of the asset management plan.

- 9 It must be emphasised that the scale and timing of the land sales is very unpredictable and subject to market conditions and planning risks. For this reason, only 75% of the above figures have been included in Appendix B.
- 10 Up until 2008/09, the Council used its capital receipts to fund its capital programme. However, due to a combination of reducing assets and a period of recession impacting asset values, the level of reliance on capital receipts could not be sustained. Therefore, Members made the decision to fund the capital programme through the revenue budget at an estimated annual cost of £480,000. However, there are a number of potential capital receipts that the Council is likely to receive in the coming years and it is proposed that £1m be

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'top-sliced' from these receipts and equally spread over the ten-year budget programme period. This would allow the capital programme to receive some realistic, predictable and long-term funding.

- 11 Previously there has been an annual 'Information Technology – development' capital scheme of £100,000, this will now be funded by revenue. Also SCIA 46 in the 'Revenue Budget and Council Tax 2011/12' report proposes a £50,000 reduction in Disabled Facility Grant expenditure. These two changes result in the requirement in future to fund the capital programme through the revenue budget at an estimated annual cost of £330,000.
- 12 Appendix B takes these projections, together with the actual balance of such receipts at 1<sup>st</sup> April 2010.

**Asset Maintenance**

- 13 Asset maintenance is funded at present from a separate revenue earmarked reserve.
- 14 One of the principles adopted as part of the Business and Financial Planning Strategy is to make more effective use of remaining earmarked reserves. It is proposed that from 2011/12, allowing for an emergency asset maintenance reserve of £1m, the remainder be used over the ten-year period equally to smooth the rundown of these reserves.
- 15 The allocation of budgets to individual areas and schemes is made in accordance with the asset management plan, reflecting backlog maintenance, health & safety and income generation as priorities.
- 16 The following two SCIA's in the 'Revenue Budget and Council Tax 2011/12' report will result in reduced asset maintenance expenditure:
- SCIA5 Leisure - asset maintenance: a saving of £70,000 from 2011/12 and an additional £70,000 from 2012/13.
  - SCIA35 Property - review processes and restructure team: £13,000 of the saving is for staff costs for asset maintenance work.
- 17 After allowing for the above savings, the budget figures are based on an average of 35% of the existing 10 year maintenance assessment. This would then give the following programme :

	<i>2010/11</i> <i>£000</i>	<i>2011/12</i> <i>£000</i>	<i>2012/13</i> <i>£000</i>	<i>2013/14</i> <i>£000</i>
Budget	738	664	603	612

## **Key Implications**

### Financial

18 All financial implications are covered elsewhere in the report.

### Legal, Human Rights etc.

19 None

## **Risk Assessment Statement**

20 The Council must agree a Capital Programme as part of its financial plan and ensure that resources are available to fund it.

## **Impact on and Outcomes for the Community**

21 The capital programme funds improvements to residents' homes and infrastructure required to deliver services to the public.

## **Conclusions**

22 Members are asked to review the scheme bids submitted at Appendix C, and approve the programme and funding at Appendix B.

**Sources of Information:** Capital Programme 2010/13  
Statement of Accounts 2009/10  
Capital Programme files

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