

## CAPITAL PROGRAMME & ASSET MAINTENANCE 2013/16

Cabinet – 7 February 2013

Report of the: Chief Executive Designate

Status: For Decision

Key Decision: Yes

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### Executive Summary:

This report sets out the proposed 2013/16 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 the Key Aim of effective management of Council resources

Portfolio Holder Cllr. Ramsay

Head of Service Group Manager – Financial Services – Adrian Rowbotham

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Recommendation to Cabinet: It be RESOLVED that:

- (a) the Capital Programme 2013/16 and funding method set out in Appendix B be approved,
- (b) and the proposed Asset Maintenance budget of £857,000 be agreed for 2013/14.

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### Background

- 1 A copy of the existing 2012/15 three year programme is attached at Appendix A. The 2012/13 column includes budgets brought forward from 2011/12. 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.

## 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 Appendix B summarises the position if all schemes are approved, and indicates the funding methods proposed.
- 6 Unspent schemes in the current year's programme (2012/13) may be carried forward to 2013/14, subject to Cabinet approval, when the outturn is known.
- 7 Cabinet on 10 January 2013 discussed asset maintenance at White Oak Leisure Centre and it was resolved that Officers be asked to investigate and explore all possibilities surrounding Options Two (invest in the existing building) and Three (replace the existing building on the same or a different site), consulting with all stakeholders and report back to Members as soon as practicable. The results of this investigation may lead to additional capital resources in future years.

## Capital Receipts

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

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Shared Ownership Staircasing	140	50	50	25
Mortgage repayments (net of pooling)	2	1	1	1
Land Sales	1,317	2,131	1,050	0
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	1,459	2,182	1,101	26

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 annual cost of £330,000. This has now been reduced to £298,000 following a reduction in the gross capital scheme costs for Improvement Grants.

- 11 Appendix B takes these projections, together with the actual balance of such receipts at 1<sup>st</sup> April 2012.

### Asset Maintenance

- 12 Up until 2010/11 asset maintenance was funded from a separate revenue earmarked reserve.
- 13 One of the principles adopted as part of the Business and Financial Planning Strategy was to make more effective use of remaining earmarked reserves. It was agreed that from 2011/12, allowing for an emergency asset maintenance reserve of £1m, the remainder be used over the ten-year budget period equally to smooth the rundown of these reserves.
- 14 The allocation of budgets to individual areas and schemes is made in accordance with the asset management plan and service requirements, reflecting backlog maintenance, health & safety and income generation as priorities.
- 15 The following SCIA agreed in the 2012/13 budget will result in changes to asset maintenance expenditure in future years:
- SCIA28 Playground equipment / CCTV equipment / depot / car parks – asset maintenance costs reduced by £31,000 (30%) from 2011/12 for three years returning to original budget levels in 2014/15. This will allow the remaining assets to be maintained as required for public and staff safety and welfare.
- 16 SCIA 5 Leisure in the 2011/12 to 2014/15 savings plan had a saving of £70,000 additional saving in Asset maintenance, however this saving is now considered to be at risk and a growth pressure item is to be considered by Cabinet on 9 February 2013 and, if approved, continue the expenditure on leisure asset maintenance at its 2012/13 level.
- 17 After allowing for the above changes, the budget figures are based on an average of 30% of the existing 10 year maintenance assessment. This would then give the following programme :

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Budget	372	427	467	476

### Key Implications

#### Financial

- 18 All financial implications are covered elsewhere in the report.

## Community Impact and Outcomes

19 There are no community impacts.

## Legal, Human Rights etc

20 There are no legal or human rights issues.

## Equality Impacts

21

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	It is a statutory duty to provide Disabled Facility Grants to the older and or disabled residents in the district
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	Yes	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		

## **Risk Assessment Statement**

22 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**

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

## **Conclusions**

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

## Appendices

Appendix A – Existing 2012/15 capital programme

Appendix B – Proposed 2013/16 capital programme

Appendix C – Scheme bid documents

## Background Papers:

None

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