
REPORT TO: Finance & Management

AGENDA ITEM: 6

DATE OF MEETING: 16th January 2003

CATEGORY:
Recommended

REPORT FROM: CHIEF FINANCE OFFICER

MEMBERS' CONTACT POINT: TERRY NEAVES (5800)

DOC: \\Budget Strategy 2003\
Budget Reports\Capital 2003 -
FM.doc

SUBJECT: CAPITAL PROGRAMME 2003/4

REF: TN

WARD(S) AFFECTED: ALL

TERMS OF REFERENCE: FM08

1. Recommendations

1.1 The Finance & Management Committee is asked to:-

- Consider the Council's capital programme position for 2003/4 and beyond
- Review and consider all proposals for capital spending in 2003/4 in the following order
 - ⇒ New Facilities – General Capital Schemes
 - ⇒ Repairs/Renovation of Existing Facilities

2. Purpose of Report

- 2.1 This report is intended to provide members with the outline proposals from the Service & Financial Planning Working Group, which met in December.
- 2.2 It enables members to consider whether they wish to make any changes to the proposals set out within the report and substitute alternative schemes within the existing capital resources currently allocated within this committee.

3. Detail

CAPITAL RESOURCES

- 3.1 The Council has 4 main separate funding streams for Capital Resources. Each stream can be used for a specific purpose.
- ⇒ Single Capital Pot
 - ⇒ Usable Capital Receipts
 - ⇒ Major Repairs Allowance (Housing & Community Services)
 - ⇒ S106 Monies (Housing & Community Services)

Single Capital Pot (£686,000)

- 3.2 This was previously split between general fund and housing capital schemes but is now one single purpose fund that can be used as the council wishes for any capital project.
- 3.3 In essence, this comprises the Governments annual capital borrowing allocation to local councils (credit approvals) together with any capital receipts the council may generate in the year from the sale of land and council homes.
- 3.4 The government has also introduced an element of incentives depending on whether their Capital Strategy and Asset Management Plan reach the required standard. Our Capital Strategy has been assessed as good, while our asset management plan is currently assessed as satisfactory. This has provided £125,000 capital resources to our council.
- 3.5 The table below summarises the resources the Council expects to receive via the single capital pot.

	Notified £'000
Basic Credit Approvals	436
Supplementary Credit Approvals	110
Capital Receipts	400
Revenue Contributions	195
Total Resources	1,141
Allocation for Covenant Principle	405
Allocation for existing schemes	50
Net Capital Resources	686

Note

*The Council entered into **covenant principle** agreements to finance works in the Town Centre, Repairs to Council Homes and improvements to the Greenbank Leisure Centre. These are serviced via the Council's annual capital resources.*

The Council has already committed funds for 2003/4 at the last budget round for two schemes – Heritage Economic Regeneration Scheme (HERS) £50,000 & Maurice Lee Park Refurbishment £137,000. Funds for the scheme at Maurice Lee Park have been deferred until 2004/5 awaiting the outcome of a future bid to the Heritage Lottery Fund. The table below summarises the resources the Council expects to receive via the single capital pot.

- 3.6 The estimate set out above are on the basis that the Council will set aside 75% of the proceeds of Council House Sales to repay outstanding debt, and 50% of the proceeds of other land sales. The Government is due to relax these rules which may allow the Council to use the whole proceeds from land sales for Housing purposes.

Usable Capital Receipts (£1,640,000)

- 3.7 Over recent years the Council has generated usable capital receipts through the sale of land and council homes. These are summarised in the table below.

	£'000
General Fund	12
HRA	2,496
Total Capital Receipts	2,508
Allocation for this years programme	868
Net Capital Receipts	1,640

- 3.8 The Council has complete freedom as to how it uses these capital resources. Clearly these resources are finite and once spent will not easily be replenished as the Council has few remaining valuable land holdings.

Overall Capital Resources

- 3.9 The table overleaf summarises the capital resources available for this Committee to bid against.

	£'000
General Resources	
⇒ Single Capital Pot	686
⇒ Usable Capital Receipts	1,640
Total General Resources	2,326

CAPITAL SPENDING PROPOSALS

- 3.10 All capital spending proposals have been scored by a member panel of Councillors Wilkins, Southerd, Southern and Mrs Wheeler. These were scored against agreed criteria for assessing these projects.
- 3.11 The results of the scoring process for the schemes within the control of this committee are set out in Annex A together with details of the anticipated cost of each scheme.
- 3.12 The assessments are divided between the main funding sources as follows:
- ⇒ New Facilities – General Capital Schemes
 - ⇒ Repairs/Renovation of Existing Facilities
- 3.13 All of the above projects would be eligible for funding from usable capital resources outlined in paragraph 3.7. However there is the proviso that once used these resources are not easily built up again. The Service and Financial Planning Working Group is proposing that these resources are used gradually over a four year period.

General Capital Resources

3.14 The Service & Financial Planning Working group proposes that general capital resources of £15,000 are allocated to the following schemes within Finance & Management for next year.

NET COSTS – SDDC Contribution	£
Roof Safety Improvements to Civic Offices	15,000
TOTAL	£15,000

4. Financial Implications

4.1 Overall the Councils capital resources are reasonably healthy and will allow it to fund a worthwhile range of projects from the list of projects considered.