

1 FEBRUARY 2012

REPORT OF HEAD OF FINANCIAL SERVICES

CAPITAL PROGRAMME 2012/13

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to approve the Council's Capital Programme for 2012/13 for all funds and the sources from which that funding will be taken as recommended by the Policy, Finance and Administration Committee at its meeting held on 25 January 2012.

2.0 RECOMMENDATIONS

- 2.1 **It is recommended that funding for capital schemes in respect of General and Special Expenses and the Housing Revenue Account (HRA) and the sources that funding will be taken from, be as recommended by, the Policy Finance and Administration Committee on 25 January 2012. These are as set out in Appendix A to C.**
- 2.2 **That should sufficient capital receipts become available any schemes funded from the Corporate Priorities Reserve be adjusted to be funded from capital receipts.**

3.0 KEY ISSUES

- 3.1 It is good financial practice to incorporate the financial effects of capital spending plans into revenue budgets prior to the consideration and approval of the revenue budgets. As such the Policy Finance and Administration Committee on 25 January 2012 has considered and made recommendations on the capital programme for 2012/13 and the impact of these recommendations have been incorporated into the revenue budget and prudential indicators being separately considered on this Full Council agenda.
- 3.2 The capital programme approved by Policy Finance and Administration Committee and recommended to the Council for General and Special Expenses and the HRA is set out in Appendices A-C. These appendices also show the sources that funding will be taken from.
- 3.3 The proposed capital programme in respect of the HRA is based on the three year programme approved by the Community & Social Affairs (CSA) Committee at a meeting held on 25 January 2011. This programme will be reconsidered following the finalisation of the HRA business plan and an analysis of the underlying asset management data and any changes presented to the CSA committee for approval at its meeting in March 2012.
- 3.4 Funding was proposed at the budget away day in respect of electronic working for members however members of the PFA committee are considering the detail of the scheme and the outcome of these discussions will be presented verbally at the meeting.
- 3.5 For members further information a full list of capital programme proposals for the General Fund (General and Special Expenses) which were considered at the budget away day held on 9 January 2012 have been attached at Appendix D.
- 3.6 Whilst no funding is proposed for allocation to the two general expense community facilities schemes and the special expense scheme contained in the full capital programme, members have proposed that schemes be brought forward in the year for consideration for funding, as applications are made. At that time the availability of funding to support the projects would be considered.
- 3.7 No funding is proposed in respect of the Wilton Road Bus Park Resurfacing scheme contained within the full capital programme however members considered that consultation

should be undertaken with users following previous debates at the Rural Economic and Environmental Affairs Committee regarding the charging for regular timetabled buses that use the area for dropping off and collecting passengers. This could consider the best use of the space and any works required.

3.8 Members of the Town Area Working Group had previously prioritised the schemes and in light of the level of special expense reserves had proposed two additional schemes be considered for funding; these being the investigation of a crematoria for the borough and also the refurbishment of the Melton country park pavilion. There has not to date been sufficient time to investigate the likely cost of these schemes and therefore it was proposed at the budget away day that mandates for these be prepared and submitted to the relevant committee where the availability for funding could also be considered based on more detail surrounding the schemes.

3.9 No account has been taken to date for the receipt from the sale of land at Nottingham Road. Members wished to consider this further along with both unfunded projects currently in the programme and any other projects that may arise. Against this background members discussed at the budget away day likely projects arising from the IT strategy review, the introduction of high speed Broadband in the rural areas, affordable housing, Grantham Canal and the Local Authority Mortgage Scheme currently being examined by officers. Should the receipt become available it was proposed that any schemes funded from the Corporate Priorities Reserve be amended and funded from capital receipts in order to preserve the spending power of this reserve which is more flexible in terms of its application. A recommendation regarding the use of the receipt to repay general fund debt and fund all existing schemes funded through borrowing from capital receipts is contained in the revenue report contained elsewhere on this agenda.

4.0 **POLICY & CORPORATE IMPLICATIONS**

4.1 Policy and corporate implications are considered for each proposed new scheme as part of the Council's priority assessment process. The results of this are reported to members as part of the budget setting process prior to finalising the capital programme.

4.2 A capital receipt can only be utilised for the repayment of debt or to fund capital expenditure. As such when members consider the use of these funds they should consider maximising the flexibility provided by revenue reserves such as the Corporate Priorities Reserve by funding capital expenditure from capital receipts in the first instance. This approach informs the proposal to amend the funding of any schemes proposed for funding from the Corporate Priorities Reserve to capital receipts should these become available.

5.0 **FINANCIAL & OTHER RESOURCE IMPLICATIONS**

5.1 The impact of the capital programme proposals on the Council's reserves and balances can be seen further in Appendix J to the Revenue Budget report shown elsewhere on this agenda.

6.0 **LEGAL IMPLICATIONS/POWERS**

6.1 Any legal implications arising from new schemes will have been addressed at the Project Mandate stage.

7.0 **COMMUNITY SAFETY**

7.1 Individual schemes could have links to community safety issues. These are covered in any associated reports and forms linked to these schemes as they progress through the decision making process. As community safety is a corporate priority this is considered as part of the priority assessment and budget setting process when considering individual schemes.

8.0 **EQUALITIES**

8.1 The equality issues of each individual scheme are considered as they progress through the approval process.

9.0 RISKS

9.1 There will be risks associated with each of the individual projects and these are considered as part of the consideration of these individual schemes through the decision making process.

10.0 CLIMATE CHANGE

10.1 Individual schemes could have climate change issues but these are considered individually as they progress through the approval process.

11.0 CONSULTATION

11.1 The proposed capital programme was made available on the Council's website during January 2012 for the benefit of business ratepayers. No comments have been received to-date but should any be received prior to the meeting the Council will be updated verbally.

11.2 There has been extensive consultation with tenants over the HRA proposals through the formulation of the Housing Business Plan.

11.3 Proposed capital schemes are considered by the Programme Board and by other internal groups as appropriate prior to submission to policy committees.

11.4 As set out in para 3.7 above consultation is being proposed on the Wilton Road Bus Park Resurfacing Scheme prior to any funding being considered in the future.

12.0 WARDS AFFECTED

12.1 To varying degrees, all wards are affected by the Council's Capital Programme.

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Appendices: Appendix A – C Recommended Capital Programme 2012/13
Appendix D – Full List of General Fund general and special expenses proposals considered at Budget Away Day

Background Papers: Capital Programme 2011-16
Statement of Revenue & Capital Reserves

Reference: X: Committee, Council & Sub Committees/Council Meetings/2011-12/01-02-12/DG – Capital Programme 2012-13