

Report for Resolution

Report to Council
23 February 2010
Report of Head of Finance
Subject Non Housing Capital Plan and Capital Programme 2010/11

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Purpose

This report presents the Executive's proposed Non-Housing Capital Plan for the years 2010 to 2015, and the Non Housing Capital Programme for 2010/11 for approval, and presents the Non Housing Capital Programme for 2009/10 for information.

Recommendations

Council is asked to:

1. approve the Non Housing Capital Plan 2010-2015;
2. approve the Non Housing Capital Programme 2010/11 as set out in the report;
3. note the forecast position on the Non Housing Capital Programme 2009/10

Financial Consequences

The financial consequences are set out in this report

Risk Assessment

A detailed risk assessment is included in the body of the report. The key risk associated with the Non Housing Capital Programme is the lack of further funding being made available to complete the programme.

Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority of Strong and Prosperous City, Safe and Healthy Neighbourhoods, Opportunities for All

Executive Member: Councillor Waters - Corporate Resources and Governance

Ward: All Wards

Contact Officers

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Report

The Non Housing Capital Plan

4. Table 1 indicates the anticipated levels of resources available to the Non Housing Capital Programme in future years. The forecast looks forward until 2014/15.

Table 1 – Non Housing Capital Resources

Non Housing Capital Resources	2010/11 £'000s	2011/12 £'000s	2012/13 £'000s	2013/14 £'000s	2014/15 £'000s
External Funding Govt. grants	450	0	0	0	0
Lottery Funding	0	0	0	0	0
County Highways programme	0	0	0	0	0
HCA Partnership	5445	0	0	0	0
Revenue contributions	88	0	0	0	0
Prudential borrowing	2000	3000	0	0	0
Capital receipts brought forward from previous year	-277	0	0	0	0
Capital receipts arising (forecast)	1218	1018	0	0	0
S106 commuted sums	780	450	850	0	0
Forecast funding	9,704	4,468	850	0	0

5. The recession continues to affect the resources available and is anticipated to do so for the life of the plan. Capital receipts arising from land sales are unlikely to raise significant resources, due to the lower value of the land and the lack of surplus assets. Grant funding will become available and the Council will seek to maximise external funding opportunities where possible.
6. S106 receipts have reduced due to the slowdown in development, but a modest level of resource may be anticipated.
7. The HCA partnership is likely to produce resources in the medium term but the level of return is highly dependant upon the market picking up. Consequently no expectation beyond the current grant has been included.
8. As part of the proposed programme of upgrades to Council assets, it is anticipated that the resulting business case will identify the potential to borrow in order to fund the programme. An estimate of the level of borrowing has been included.
9. Table 2 indicates the anticipated levels of expenditure until 2014/15.

Table 2 – Non Housing Capital Plan

Non Housing Capital Plan	2010/11 £'000s	2011/12 £'000s	2012/13 £'000s	2013/14 £'000s	2014/15 £'000s
Regeneration and Growth	2500	0	0	0	0
Asset Management - Repairs Maintenance and Upgrading	2341	0	0	0	0
Asset Management - Portfolio Development	2000	3000	0	0	0
Neighbourhood Strategy - Community Development	1005	450	850	0	0
Transportation	113	0	0	0	0
Capital Receipts earmarked for Housing Capital Programme	1745	1390	1390	1390	0
Forecast expenditure	9,704	4,840	2,240	1,390	0
Forecast available resources	9,704	4,468	850	0	0
Shortfall	0	(372)	(1,390)	(1,390)	0

10. The expenditure plans included in the table above are very limited, as are the resources. The table indicates a shortfall in resources unless further capital receipts are generated.
11. The expenditure includes only known commitments, which are mainly a repairs and maintenance capitalisation allowance of £750k plus fees in 2010/11, an assumption that all S106 contributions and expenditure balance and the repayment of housing capital.
12. An assumption has also been made that £5m would be borrowed to fund a programme of asset improvement, to protect the Councils current assets and the revenue income arising. This programme has yet to be detailed but a phased borrowing and matching expenditure profile has been assumed

Review of Non Housing Capital Programme 2009/10

13. Table 3 summarises the anticipated outturn figures for the 2009/10 Non Housing Capital Programme.

Table 3 Non Housing Capital Programme 2009/10

Non Housing Capital Programme	Approved budget 2009/10 £'000s	Forecast expenditure 2008/09 £'000s	difference
Asset Management Strategy – Portfolio Development	2738	1589	-1149
Asset management Strategy – Repairs, Maintenance and Upgrading	1060	311	-749
Neighbourhood Strategy – Community Development	2949	2710	-239
Neighbourhood Strategy – Waste Management	226	0	-226
Regeneration and Growth - Growth	250	300	50

Transportation – S106	1338	1911	573
Total	8,561	6,821	-1,740

14. Table 3 illustrates the extent to which investment in the Councils portfolio has had to be curtailed to match the available funding with a sizeable reduction in expenditure on portfolio development and repairs and maintenance.
15. Expenditure on Community Development has been one of the largest areas of investment with the main items of expenditure being S106 schemes and grants for external schemes, the Roman Catholic Cathedral Visitor Centre and Open 24/7, made possible by the HCA grant.
16. Expenditure of £50k on presentation equipment for Planning Committee is included in the total for Regeneration and Growth, which was approved expenditure slipped from the 2008/09 capital programme.
17. Delays in payment of previously approved expenditure on the St Annes Wharf bridge account for £573k additional expenditure on S106 transportation schemes.
18. There is only one scheme where expenditure is anticipated to exceed the approved budget. The demolition of the rear car park at City hall is anticipated to overspend by £51k, and recommendation No. 4 seeks approval of this extra expenditure.

Recommended Non Housing Capital Programme 2010/11

19. Table 4 details the Non Housing Capital Programme for approval

Table 4 Non Housing Capital Programme 2010/11

Non Housing Capital Programme 2010/11	Scheme title	Forecast expenditure 2010/11 £'000s
Asset Management Strategy – Portfolio Development	Provision for Programme of asset improvement	2000
Asset management Strategy – Repairs, Maintenance and Upgrading	Memorial Gardens improvements	1590
	Provision for major repairs and upgrades	751
Neighbourhood Strategy – Community Development	Sports pitch provision - tennis courts	88
	S106 provision for play and open spaces (see recommendation No 5 and Appendix 1 for specific approvals and funding sources)	667
	Provision for purchase of waste collection equipment	250
Regeneration and Growth - Growth	Bowthorpe site Three Score – site development and enabling	2500
Transportation – S106	S106 provision for transportation schemes (see recommendation No 5 and Appendix 2 for specific approvals and funding sources)	113

Total		7,959
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20. In addition to the expenditure detailed in table 4 funding of £1.745m from the HCA grant is being used to fund part of the Housing Capital Programme and will reduce the balance owed to the Housing Capital Fund.

21. The approvals sought for specific S106 approvals are only for schemes that have reached a suitable stage. Further proposals arising during the year will be brought to Executive for approval at the appropriate time.

Risk Management

22. The Risks to the Non Housing Capital Plan have been assessed and the main risks and mitigations identified in the table below

Risk	Probability	Impact	Mitigation
Capital Receipts not received	M	H	Low levels of receipts have been forecast
Capital Receipts delayed	H	M	Use capital balances until funding secured
HCA capital scheme outputs not delivered	M	H	Ensure close monitoring of outputs to ensure targets are met
HCA bowthorpe enabling project delayed resulting in withdrawal of funding or delay of receipts to HCA programme	M	H	Ensure proposals are agreed before deadline or postponement agreed. Ensure flexible and workable proposals are put forward
Business case for asset improvement programme not sustainable	L	H	Revise programme with assets that deliver required level of income
Cost overruns	H	M	Ensure each scheme has realistic contingencies within approved sum. Control programmes of work closely and release when funding available