

Scrutiny Committee – 8th January 2008

8. Capital Programme 2008/09 to 2012/13

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Purpose of the Report

- To outline the resources available for new schemes and to agree the new schemes to be included in revised Capital Programme from 2008/09.

Actions Required

- That the Scrutiny Committee: -
 - Consider and note the proposals outlined in paragraphs 14 to 16 for inclusion in the revised Capital Programme, as shown in Appendix E.

Capital Strategy

- The Capital Strategy has been revised and agreed by District Executive on the 2nd November 2006. The strategy outlines the release of set aside resources over the life of the Corporate Plan and allows for the revenue consequences of this.

Current Capital Programme

- The Capital Programme currently approved for 2008/09 to 2012/13 is attached at Appendix A (this has taken into account slippage as at quarter 2). The following projects have slippage in expenditure during 2007/08 that is now included within the 2008/09 figures:

Project	Slippage to 2008/09 £'000	Reason for Delay
New Pitches Ilton Gypsy Site	(570)	Works programmed to start in January 2008.
Area Programmes	(362)	Reprofiling of areas North & West.
Refurbishment of Ilton Site	(200)	The refurbishment of Ilton will commence after the new pitches are in place.
Market Town Visions	(120)	Expenditure on a CCTV network will be taken forward if and when supported by outcome of feasibility studies and agreement by DX.
Castle Cary Library	(50)	Waiting for SCC to complete planning permission therefore unlikely project will complete during 07/08.
Lufton 2000 Phase Expenditure	314	Both expenditure and income budgets reprofiled as awaiting final planning

Lufton 2000 Phase Income	(751)	permission.
Affordable Housing Schemes	(533)	Northbrook, St Thomas Cross and Seaton's Garage have all slipped into next year due to planning delays/appeals. Birchfield has been delayed due to land ownership issues when the LSVT took place.
New Housing IT system	(120)	Expenditure reprofiled to reflect original project plan.
Extension to Brympton Way reception	(79)	Project has been delayed largely due to resource issues and other priority works.
TOTAL	(2,471)	

5. Members may wish to review whether to continue with some of those projects or to allocate some of the funding to new bids. In addition the Waterlinks project has been unsuccessful in its lottery bid for funding. The officer responsible for this project will be bringing forward a report regarding the funding continuing to deliver some of the aspirations outlined in the original bid. The total programme currently stands at £17.9 million and includes the schemes that have been already agreed in previous years.

Capital Resources

6. The capital strategy states that we will move to a position where receipts will only be released once received ensuring that commitments are not made against receipts that may not materialize.
7. The capital strategy outlines the release of £18 million of resources (plus any additional receipts received) to finance capital expenditure over the next six years. The table below outlines the current capital resources available:

	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	Total £'000
Maximum available each year.	3,000	3,000	3,000	3,000	3,000	3,000	18,000
Allocated in 2007/08.	(999)	(1,108)	(1,240)	(843)	(1,229)	(912)	(6,331)
Shortfall in SSH receipts & underspends from 2006/07	(237)	(503)	(489)				(1,229)
Additional capital receipts received		481	481	481	481	481	2,405
Maximum Funds Available	1,764	1,870	1,752	2,638	2,252	2,569	12,845
Less allocated during 2007/08:							
Reckleford	(675)	(971)					(1,646)

Birchfield Pumping Station	(129)						(129)
Total Resources Remaining	960	899	1,752	2,638	2,252	2,569	11,070
Maximum available in 2008/09		1,859					

8. A total of £11.070 million is available over the next five years to fund the capital programme but in terms of revenue implications for 2008/09 the maximum that can be committed for expenditure in that year is £1.859 million. The shortfall in SSH receipts included above reflects that expected levels of receipts have not materialized and therefore impact on the levels of receipts that can be released in the short term.
9. An exercise was completed as part of the revised capital strategy in longer term financial planning with managers being asked to identify possible schemes for delivery over the life of the Corporate Plan. The table below outlines the capital resources available, new bids received for 2008/09 and also future bids expected but not yet submitted:

	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	Total £'000
Total Resources Remaining	-	1,859	1,752	2,638	2,252	2,569	11,070
New Bids in 2008/09		(1,211)	(1,030)	(817)	(266)	(105)	(3,428)
Likely essential bids			(100)	(25)	(425)	(430)	(980)
Future prioritised bids			(2,344)	(3,981)	(6,342)	(1,725)	(14,392)
Total All bids	-	(1,211)	(3,474)	(4,823)	(7,033)	(2,260)	(18,800)
Remaining/ (Shortfall) in Resources	-	648	(1,722)	(2,185)	(4,781)	309	(7,730)

Figures in brackets show reduction in resources and a shortfall of resources in the final totals.

10. The table above shows that if all bids for 2008/09 and future bids are approved there would be a shortfall in funding of £7.730 million by 2012/13.

New Capital Bids 2008/09

11. The capital bids for new schemes starting in 2008/09 and for future bids are shown at Appendix B. The scoring analysis is attached at Appendix C. If all bids were to be approved with the resources available the effect on capital resources for future years would be as follows:

	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	Total £'000
Total Resources Remaining	-	1,859	1,752	2,638	2,252	2,569	11,070
New Bids in 2008/09	-	(1,211)	(1,030)	(817)	(266)	(105)	(3,428)
Remaining Resources	-	648	722	1,821	1,986	2,464	7,642

12. Appendix B divides the schemes between essential, prioritised schemes, and other schemes that cannot yet be scored. Essential schemes include those schemes that are for refurbishment of the Council's own assets, providing that the need for refurbishment has been assessed and justified. Essential will also include schemes that the Council is obliged to provide such as disabled facilities grants.
13. The detailed Capital Investment Appraisal pro-formas for each new scheme are at Appendix D (circulated to members under separate cover in the District Executive Agenda). These provide full details of the outcomes, partner funding and the monitoring/evaluation arrangements.

Recommendations for Approval

14. Each scheme has been presented to the Management Board over the last two months. The following recommendations are based on the scoring methodology and schemes scoring 550 points and above. The current recommendations for inclusion within the 2008/09 capital programme are attached at Appendix E. The effect of this on future resources is outlined below:

	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	Total £'000
Total Resources Remaining	-	1,859	1,752	2,638	2,252	2,569	11,070
Total essential and schemes scoring 550 and above	-	(412)	(387)	(600)	-	-	(1,399)
Remaining Resources	-	1,477	1,365	2,038	2,252	2,569	9,671

15. If the recommendations are agreed this will leave £9.671 million to be allocated to essential and prioritised schemes over the next four years. This does not include possible new receipts that will be added to this sum as they are received.
16. A further report will be submitted to District Executive within the next few months outlining the requirements for financing some final feasibility work still needed for the Sports Zone i.e. site identification and funding package. It is expected that this

will cost in the region of £200,000 to £300,000. The capital and revenue implications of this work can be financed within the current programme.

17. Members will receive a further report and final recommendations in February 2007.

Revenue Implications

18. The revenue implications of releasing £18 million of capital resources will require revenue funding of £150,000 per annum. This is currently included within the Medium Term Financial Plan as part of the savings target and members were asked to consider a further specific increase of 2% in council tax to fund this at the District Executive meeting in December. The revenue implications of each scheme other than the loss of interest are included at Appendix B and will need to be included within the Medium Term Financial Plan.

Next Steps

19. Once the District Executive has agreed the schemes for funding in 2008/09, the schemes will be referred to the Scrutiny Committee.
20. New schemes to start 2008/09 will then receive final approval at District Executive in February as part of the overall MTFP report. The final recommendations of the District Executive will then be submitted to full Council for formal approval on 21st February 2008.

Background Papers: *Capital Strategy*
