

REPORT TO: Cabinet
Council

DATE: 4 March 2010
4 March 2010

SUBJECT: 2010/2011 – 2012/2013 Capital Programme

WARDS AFFECTED: All

REPORT OF: Lynton Green - Acting Finance & IS Director
Alan Moore - Strategic Director Communities
Charlie Barker – Strategic Director Social Care
and Wellbeing
Peter Morgan - Strategic Director Childrens
Schools and Families

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EXEMPT/CONFIDENTIAL: No

PURPOSE/SUMMARY:

To consider the formulation of the 2010/2011– 2012/2013 Capital Programme.

REASON WHY DECISION REQUIRED:

To approve the Capital Programme at Annex A which will facilitate delivery of capital projects.

RECOMMENDATION(S):

Cabinet is requested to:-

- a) Note the report;
- b) Approve the 2010/2011– 2012/2013 Capital Programme (Annex A);
- c) Confirm that Cabinet Members may continue to approve schemes from within their specific capital allocations included in Annex A;
- d) Approve the use of lease facilities in 2010/2011 provided that any revenue consequences can be accommodated within appropriate budgets;
- e) Note that there is no provision for a New Starts Programme during 2010/2011.
- f) Refer the report to Council for approval.

KEY DECISION: Yes

FORWARD PLAN: Yes

IMPLEMENTATION DATE Following Council on 4 March 2010

ALTERNATIVE OPTIONS:

To not approve the capital programme which will prevent progress of capital schemes.

IMPLICATIONS:

Budget/Policy Framework: The revenue implications of the ongoing presented in this report can be contained in the draft Base Budget for 2010/2011, which is the subject of a separate report on the agenda.

Financial: See above

Legal: None

Risk Assessment: Delivery of certain schemes in the programme, for example those of a Health & Safety nature, will reduce the level of risk to which the Council is exposed.

Asset Management: Approval of the capital programme will enable the delivery of the Council's Asset Management Plan.

CONSULTATION UNDERTAKEN/VIEWS

Strategic Asset Management Group have been consulted.

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	√		
2	Creating Safe Communities	√		
3	Jobs and Prosperity	√		
4	Improving Health and Well-Being	√		
5	Environmental Sustainability	√		
6	Creating Inclusive Communities	√		
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People	√		

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Department for Children Schools and Families Website - Revised Schools Capital Allocations 2008/09 – 2010/11 – 22nd. April 2009

Letters from Department of Health: Adults' Personal Social Services: Distribution of Single Capital Pot and Specific Capital Allocations in 2009-10 & 2010-11 – 26th

November 2008; Adults' Personal Social Services (PSS): Specific Revenue and Capital Grant Allocations and Contributions to Area Based Grant for 2009-10 & 2010-11 – 26th November 2008.

Department of Health Local Authority Circular – 22 August 2008.

Letter from Government Office for the North West: Three Year Local Transport Capital Settlement (2008/09 – 2010/11) – 27 November 2007.

Letter from Homes and Communities Agency Housing Market Renewal Grant Allocations :2010/11 – 22nd. December 2009.

BACKGROUND:

1. Introduction

- 1.1. This report considers the latest position in respect of 2009/2010 and development of the 2010/2011 – 2012/2013 Capital Programme in the light of recent resource notifications received from Central Government and the formulation of the Revenue Budget.

2. Capital Programme 2009/2010

- 2.1. Following the deletion of reported uncommitted schemes by Cabinet on 17 December 2009, all existing approved and ongoing schemes have been completely reviewed and this is reflected in the Capital Programme attached at Annex A.

3. Capital Resources 2010/2011

- 3.1. The capital expenditure within the capital programme is financed from a number of sources, including:-

- a) Government Supported Borrowing;
- b) Government Grants;
- c) Council Supported Borrowing – “Prudential borrowing”;
- d) Specific capital receipts;
- e) Miscellaneous Contributions/External Grants;
- f) Direct Revenue Funding.

- 3.2. The Government has previously issued Supported Capital Expenditure (SCE) notifications for certain services in line with the Comprehensive Spending Review Period of 2008 – 11. In addition, annual allocations are made that indicate the Government’s proposals for supporting capital expenditure for the forthcoming financial year within each service area through either supported borrowing or grants. Each of these components is dealt with in the following paragraphs.

3.3. Government Supported Borrowing 2010/2011

- 3.3.1. Although resources are allocated by individual Government Departments for specific services, the borrowing can be utilised on any service in accordance with the principles of the Single Capital Pot. However, diverting resources between services can have an effect on the allocations from Government Departments in subsequent years.

- 3.3.2. The Government’s revenue support for this borrowing is provided through Formula Grant as determined by the Capital Financing element of the Relative Needs Formula (RNF).

- 3.3.3. The Supported Capital Expenditure (SCE) notifications, which allow amounts to be funded from borrowing, are presented in the following table:-

Supported Capital Expenditure	2009/10	2010/11	Variation
	£'000	£'000	£'000
Children's Services - Education	2,974	1,228	-1,746
Children's Services - Personal Social Services	46	45	-1
Transportation	2,105	2,421	+316
Total Supported Borrowing	<u>5,125</u>	<u>3,694</u>	<u>-1,431</u>

3.3.4. The reduction in Children's Services Supported Borrowing in 2010/11 is as a result of the Modernisation element being primarily funded from capital grant, rather than borrowing, in 2010/2011. The increase in Modernisation grant funding is reflected in the table in paragraph 3.4.1 below.

3.3.5. Under the Prudential Code, the Council can supplement Government supported borrowing by further "Prudential borrowing" funded exclusively from Council resources. Such borrowing must be affordable and within authorised limits approved by the Council. (See separate report on Treasury Management Policy and Strategy 2010/2011 elsewhere on the agenda).

3.4. Government Capital Grant Allocations 2010/2011

3.4.1. Unlike Revenue Support Grant, which is fixed by Government before the start of the financial year, capital grants can be increased as additional schemes are approved or Government allocates additional resources. The indicative SCE allocations relating to Capital Grants for 2010/2011 are:-

	2009/10	2010/11	Variation
	£'000	£'000	£'000
Children's Services - Devolved Formula Capital	4,423	1,927	-2,496
Children's Services - Modernisation	375	1,287	+912
Children's Services - Targeted Capital Fund	3,000	5,000	+2,000
Children's Services - Extended Schools	459	237	-222
Children's Services - Youth Capital Fund	150	150	0
Social Services – Social Care	147	147	0
Social Services - Mental Health	150	150	0
Social Services – Adult Social Care	106	112	+6
IT Infrastructure			
Transportation	3,683	2,909	-774
Total Capital Grant	<u>12,493</u>	<u>11,919</u>	<u>-574</u>

Allocations not yet known:-

Housing	4,985	?	-
Housing – Disabled Facilities Grants	1,157	?	-

3.4.2. The decrease in Children's Services – Devolved Formula Capital is as a result of the decision by the Government to advance 40% of the 2010/2011 funding into 2009/2010 to provide a spending impetus during the difficult economic conditions experienced during 2009/2010. Children's Services – Targeted Capital Fund, relates to funding provided by the DCSF to support the provision of facilities for the delivery of 14 –19 diplomas and/or to improve facilities for pupils with special educational needs and disabilities. This funding is a specific allocation for 2009/2010 and 2010/2011 only.

3.5. **Former Housing Revenue Account (HRA)**

Following stock transfer, any outstanding capital liabilities relating to the former HRA Capital Programme not spent in 2009/2010, which form a commitment in future years, will be met from resources held by the Council. As a result, there will be no call on the Council's general capital resources.

3.6. **Housing Market Renewal Initiative**

The Housing Market Renewal Initiative (HMRI) has received an allocation of £9.35m for 2010/2011. In respect of Annex A attached, this level of funding has been incorporated together with a Sefton contribution of £2.654m, which was reported to Cabinet on 14 May 2009. A future report to the Cabinet will outline the 2010/2011 expenditure and resource availability for HMRI, when the Regional Housing Pot allocation for 2010/2011 is known. Cabinet approval to the 2010/2011 HMRI programme will then be sought.

3.7. Traditionally, the Cabinet has allocated all SCE resources – from both supported borrowing and capital grants – to the appropriate service. This policy has been reflected in the Capital Programme MTFP for the period 2010/2011 to 2012/2013 attached at Annex A.

3.8 The detailed items presented in Annex A include all schemes approved by the Cabinet to date plus general uncommitted provisions to reflect the new allocations detailed in section 3 of this report. The identification of specific schemes against these unallocated resources has traditionally been the subject of further reports to the relevant Cabinet Members and Cabinet are requested to confirm the continuation of this practice.

4. **New Starts Capital Programme 2010/11 to 2012/13**

4.1 Members should note that there is a report elsewhere on the agenda dealing with the Revenue Budget for 2010/10 and the outlook to 2012/13; however, there are no resources within the draft budget for 2010/11 to support any new capital starts in the year.

5. **Recommendations**

5.1 Cabinet are requested to:-

- a) Note the report;
- b) Approve the 2010/2011– 2012/2013 Capital Programme (Annex A);
- c) Confirm that Cabinet Members may continue to approve schemes from within their specific capital allocations included in Annex A;
- d) Approve the use of lease facilities in 2010/2011 provided that any revenue consequences can be accommodated within appropriate budgets;
- e) Note that there is no provision for a New Starts Programme during 2010/2011.
- f) Refer the report to Council for approval.