FULL COUNCIL
2 MARCH 2011

DERBY CITY COUNCIL

ITEM XX

Report of the Strategic Director of Resources

Updated Capital Budget 2011/12 to 2013/14

SUMMARY

1.1 The report sets out the 2011/12 to 2013/14 capital programme for recommendation to Full Council on 2 March 2011. The main areas of the £276m programme over the next three years are:

- £32m for the Council's accommodation strategy funded from corporate unsupported borrowing.
- £11.8m capital implementation costs for computer applications and infrastructure to deliver the Council's one Derby one Council transformation programme funded from capital receipts.
- £45m to deliver the Council's Leisure strategy which will include a new 50 metre swimming pool together with the creation of a Multisports Arena and new athletics track. A further £5m would be required in 2014/15 to complete the full £50m programme.
- £25m to deliver the jointly funded waste disposal plant alongside Derbyshire County Council funded from service financed unsupported borrowing.
- £66m Children and Young People's Directorate programme including the Building Schools for the Future schools and the Primary Capital programme; repairs, maintenance and improvements to the fabric of school buildings and devolved funding to schools, of which the majority is funded from specific grants together with supported borrowing and external contributions .
- £46.2m Housing programme. Many council-owned houses will get new PVCu windows and doors, new kitchens and bathrooms, heating systems and other repair and refurbishment work, funded through £34.6m from the Housing Revenue Account. A further £12.4m for the Housing General Fund mainly funded from government grants will enable the continuation of schemes including the delivery of decent homes and assistance to vulnerable householders, disabled facilities grants, other repairs and assistance in the private sector and support for affordable housing.
- £20m Local Transport Plan (LTP) of which £10m is funded from government grants to help deliver improvements to integrated transport systems, including strategic public transport schemes, better traffic management and improvements

to roads in neighbourhoods, and to maintain the transport infrastructure including money for carriageway and footway maintenance and to repair bridges and other structures. An allocation has been bid for and scored in the top priorities to spend £7.4m on the London Road Bridge replacement £5.4m of which will be funded from Department for Transport (DfT) grant. As well as the block programme, a further £1.7m for Connecting Derby will be spent funded mainly from the DfT grant.

- £4.4m for maintenance of the Council's buildings and infrastructure, including roof repairs - Market Hall and Wardwick museum, structural repairs, fire precaution works, window replacement programme, replacement air conditioning units and community centre repairs.

- £7.7m for the extracare programme for the elderly in our Adults Social Care and Housing service.

1.2 Following the Governments Spending Review announcements the Single Capital Pot allocations were reduced and this report outlines the approach taken to produce a balanced capital programme which meets the corporate priorities as well as setting aside funding for planned maintenance of the Council's buildings.

1.3 A bidding process has taken place for new schemes against the Single Capital Pot allocations for the three years 2011/12 – 2013/14 using a scoring mechanism against prescribed criteria.

1.4 This report also outlines the potential financial risks relating to the Council's VAT partial exemption calculation arising from the leisure strategy. Delivery of the capital schemes within the strategy will need to be spread over a number of years to avoid the Council incurring significant VAT costs. Further work is needed to develop the options to alleviate this risk.

1.5 It has been necessary to submit an updated report to take into account the following amendments:

- Revisions to the Housing Private Sector capital programme which was reworked following allocations received.
- Revisions to the Hydro Electric Power Station scheme following a report also submitted to 15 February Cabinet requesting further funding which was omitted from the capital report
- Duplication of the community centre budget which has now been corrected
- Revisions to the crematorium scheme to take into account the report of the Strategic Director for Neighbourhoods also reported to 15 February Cabinet. This report was to request that the under spend on the crematorium be used to fund a new refurbishment programme for public conveniences, as such an amendment to the crematorium scheme has been made and a new scheme added for public conveniences.
- An amendment to the highways maintenance programme to take into account the omitted rephasing from 2010/11 (£812k) reported to the 15 February Cabinet. The scheme has now been amended to add this rephasing to the 2011/12 programme.

Appendix 2 and Table 1 and 4 have been amended to allow for these changes.

1.6 Any new Section 106 allocations require reporting to cabinet for approval of use on the 2011/12 capital programme. Section 6 Para 6.5 Table 3 sets out the required S106 allocations together with consultation dates.

RECOMMENDATION

To Recommend to Council the following:

2.1 To approve the capital programme for 2011/12 and the indicative capital programme for 2012/13 and 2013/14 as set out in the report and to agree the necessary amendments listed in the summary paragraph 1.5 above. A summary is shown in Appendix 2.

2.2 To note the rigorous process of review undertaken on the current 2010/11 – 2012/13 capital programme to generate revenue and capital savings and drive forward those schemes the Council is committed to delivering. Schemes which are not contractually committed and are to be removed from the capital programme, will generate savings and are shown in Appendix 3. Schemes that have non ring fenced funding that have not been allocated to specific projects and have been removed from the programme are shown in Appendix 4.

2.3 To approve the use of the revenue budget forecast savings totalling £3.8m anticipated by rephasing the priority projects and aborting schemes listed in appendix 3 and 4, to support the 2011-14 revenue budget.

2.4 To approve the schemes identified as part of the review of the programme, as detailed in Appendix 3 and 4, are removed from the capital programme to help generate revenue and capital savings.

2.5 To approve the top slicing of the available funding, as detailed in paragraph 5.5, to ensure that there is a sum set aside each year for planned maintenance including community centres.

2.6 To agree the schemes which have been previously identified as Corporate Priorities as detailed in paragraph 4.9 and Appendix 5.

2.7 To approve the allocation of the balance of funding available to the capital schemes from the Single Capital Pot allocations listed in Table 2 for the full list of bids, detailed in Appendix 6, that have been prioritised by the Strategic Asset Management Group as well as with consultation with Chief Officer Group and Leadership in line with an agreed scoring criteria.

2.8 To approve the use of S106 contributions detailed in paragraph 6.5.

2.9 To note the potential VAT partial exemption implications of the Leisure Strategy.

REASONS FOR RECOMMENDATIONS

3. Reasons for Recommendation

3.1 The Capital programme for 2011/12 and the indicative capital programme for 2012/13 and 2013/14 require Full Council approval to ensure that the programme meets the corporate outcomes as detailed in paragraph 7.2.

3.2 In order to support the decision making process a review of the existing programme has been carried out to ensure that the limited funds available can be targeted appropriately to meet the Council's overall aims.

SUPPORTING INFORMATION

4. Development of the capital programme

4.1 Full Council will be recommended to approve the capital programme for 2011/12 and the indicative programme for 2012/13 and 2013/14 at its budget setting meeting on 2 March 2011. This report proposes the capital programme to be recommended to Council. Reports have been taken to the Scrutiny Commissions as part of the consultation process for new schemes wholly funded from resources specific to those services as well as from proposed single pot allocations arising from the bidding process.

4.2 In March 2010, Council approved a £392.4m capital programme for the period from 2010 to 2013 with 2011/12 and 2012/13 as indicative allocations only. This indicatively allocated most of the corporate resources available in order to meet significant investment needs for service improvement. It included the Council's accommodation strategy, continue implementing the Public Realm Strategy and address the backlog of repairs and maintenance to Council buildings.

4.3 Council Cabinet on 27 July 2010 approved the Revenue and Capital Strategy for 2011/12 to 2014/15. The strategy outlined the need for funded service proposals and investment priorities to be reviewed by the Strategic Asset Management Group to ensure alignment of priorities with the Corporate Asset Management Plan, Council Priorities, and Transformation Programme and address any dependencies or links between potential schemes. The strategy also identified the need to review the funding position and capital funded posts.

4.4 This year the capital programme has been developed using the following methodology:

- Assessing the current programme to include all schemes that are contractually committed which will continue into 2011/12. These schemes have been automatically included in the 2011/12 - 2013/14 programme.
- Identifying schemes which are not contractually committed but have identified funding for them. These schemes have formed part of a

scrutiny process at Chief Officer Group to determine which schemes will go ahead and which will be aborted.

- Identifying unallocated funding streams which have not been allocated to schemes and have non ring fenced funding available. These schemes have also been part of the COG scrutiny process to identify funding that may be either saved or made available to fund other schemes.
- Rephasing of the Councils priority projects.
- Submission of departmental bids against the Single Capital Pot allocations from the DCLG Criteria and scoring used to score the bids in the prioritisation process can be found at Appendix 8.
- Allocation of a percentage of the Single Capital for Education and Transport as well as a top slice given for planned maintenance (including community centres).
- Scrutiny of capital funded posts and the implications of loss of any grant funding attached to these posts.

4.5 The original programme for 2010/11 to 2012/13 has been closely scrutinised to identify schemes that will automatically continue as they are contractually committed and have identified funding to enable them to proceed. These schemes total £99m for the remaining indicative programme 2011/12 and 2012/13 and are detailed in Appendix 2.

4.6 Schemes not contractually committed - The original programme was scrutinised to identify which schemes weren't contractually committed but had identified funding ring fenced for them. These schemes were subject to close scrutiny by Chief Officer Group and it was proposed to exclude some of the schemes. The remaining schemes will be rephased to 2011/12 and the total amount remaining is shown in Table 1. A breakdown of the schemes to exclude is shown in Appendix 3. It should be noted that as a result of this process it has enabled revenue savings due to the reduction in further borrowing which will aid the revenue budget to help prevent compulsory redundancies. A summary of anticipated revenue savings is shown in Table 4.

4.7 Funding streams not contractually committed - The original programme was further scrutinised to identify any funding streams which had not been allocated. These schemes were again scrutinised by the Chief Officer Group and it was proposed to exclude some of the programme streams from 2011/12 – 2013/14 capital programme. The remaining totals have been rephased and are shown in Table 1. A breakdown of the schemes to be excluded is shown at Appendix 4. Further revenue savings have been created due to a reduction in borrowing to pay for these projects. A summary of these savings can be found in Table 4.

4.8 In addition to anticipated revenue savings through the reduction in borrowing the removal of some of these schemes will enable a further balance of capital funding to be rolled into a contingency budget. This is due to some of the schemes being funded from other non ring fenced funding streams.

4.9 The Council also has some priority corporate projects which are detailed in Appendix 5. These projects are predominantly funded from prudential borrowing and capital receipts. As part of the overall capital programme review process it has been necessary to rephase some of these major projects this in turn also gives rise to some one off revenue savings by delaying the borrowing requirements to future years. The anticipated revenue savings from doing this are shown in Table 4.

4.10 Table 1 Show how the final capital programme has been developed using the methodology described in paragraph 4.4.

Table 1 Summary of capital programme totals by type of review

Type of review	Appendix	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £000's
Contractually committed	2	54,990	26,236	14,399	95,625
Not contractually committed schemes but ring fenced funding	2	13,239	11,971	2,766	27,976
Non ring fenced funding streams with no schemes developed	2	513	5	20	538
Priority projects	2 & 5	40,048	22,772	51,003	113,823
New bids	6	10,180	9,967	10,450	30,597
Top slice for planned maintenance including community centres	2	1,260	1,911	1,211	4,382
Emergency Contingency Budget	6	225	1,007	446	1,678
Total programme	2	120,455	74,869	80,295	275,620
Total remaining unallocated funding	2	0	0	0	

5. Funding

5.1 The Government's Comprehensive Spending Review announced in December, outlined significant cuts and changes to capital funding for local authorities. As a result it has been necessary to change the way the capital programme has been developed for 2011/12 to 2013/14.

5.2 In the past the major service blocks (Education, Transport and Health and Housing) have been allocated Government funding through the Single Capital Pot and the Council has allowed them to keep this allocation for use on their service blocks. The single pot allocations totalling £12.1m for 2011/12 have been pooled and Education and Transport have been allocated a percentage of this pot.

5.3 Housing have retained the Disabled Facilities Grant (DFG) funding of £700k as well as £9.2m ring fenced Major Repairs Allowance (MRA) funding for the Housing Revenue Account which is not included in the Single Pot.

5.4 The rest of the Single Pot allocation has been made available for a council wide bidding process which has been scored to agree the schemes to be taken forward as part of the 2011/12 – 2013/14 capital programme. Indicative allocations for 2012/13 and 2013/14 of £12.1m have been used for the single pot in order that a 3 year programme can be developed. The bids have been assessed by the Strategic Asset Management Group and scored in line with agreed criteria. Details of the bids with the highest score which are within the level of funding available are shown in Appendix 6. These schemes are listed in order from the highest scoring schemes at the top and are those considered to be of the highest priority.

5.5 As well as allocating the Single Capital Pot to bids received, the total each year has been top sliced for planned maintenance. A further additional £700k in 2012/13 has been allocated for planned maintenance as a one off additional asset management allocation to tackle longer term issues following the review of Council assets. Table 2 summaries the total allocations per year. A detailed breakdown is shown at Appendix 6. The overall balance on the capital programme for the three years 2011/12 – 2013/14 indicates that a total of £30m is available to allocate to new schemes, after top slicing planned maintenance and offsetting a shortfall in capital receipts. Table 2 also shows the identified shortfall in capital receipts required to fund the 2011/12 capital programme, this has therefore been deducted from the available resources.

Table 2 Single Capital Pot Allocations

	2011/12	**2012/13**	**2013/14**	**Total**
	£'000	£'000	£'000	£'000
Single Pot allocations	12,098	12,107	12,107	36,312
10% top slice For maintenance	(1,260)	(1,911)	(1,211)	(3,632)
Less forecasted capital receipts shortfall	(1,843)	0	0	(1,843)
Available for Bids	**8,995**	**10,196**	**10,896**	**30,087**
Allocated to bids	(8,995)	(9,967)	(10,450)	(29,412)
Unallocated funding	**0**	**229**	**446**	**675**

5.6 Due to current market conditions the capital receipts forecast indicates a shortfall of £1.8m. This has been deducted from the available funding to ensure that the overall capital programme is still funded. In view of the limited funding available to fund Corporate priorities it is hoped that through the area reviews currently taking place, properties no longer required will be identified and are therefore available for disposal which will help generate more receipts to fund the capital programme.

5.6 A summary of the overall capital programme including schemes that have been allocated single pot funding is shown in Appendix 2 together with the top slice element of funding for planned maintenance.

6. Funding the Proposed Programme

6.1 The capital programme will be financed mainly from the following resources:

- Residual Supported Capital Expenditure (Revenue) (SCE-R) allocations for borrowing from Government, including housing, schools, children's and adults services, highways, transport and flood defence. These will be spent on the service to which they are allocated. This funding stream has now been removed and government funding is now in the form of capital grants. The SCE Rs shown in the programme are those that have been received in previous years and rephased to 2011/12 – 2013/14.

- Supported Capital Expenditure (Capital) (SCE-C) grants from Government for the major service blocks of CYP, Transport and Health which are now all non ring fenced funding streams.
- Earmarked proceeds of Section 106 receipts after consultation through the commissions, cabinet and ward councilors.
- Other external resources and grants in so far as these are earmarked for use by that service, for example specific European and lottery funds.
- Capital receipts available, earmarked for specific service programmes and those which have been pooled for corporate reallocation.
- Contributions to service capital from within service revenue budgets, either as direct contributions or to finance prudential borrowing.
- Spend-to-save capital schemes funded through self-financing prudential borrowing
- Corporate prudential borrowing funded through the treasury management budget.

6.2 Specific points to note in relation to service funded programmes resources are:

- The service capital receipts factored into the funded programme have already been received in previous years and are currently held in earmarked capital receipts reserves.
- At this stage no indicative New Growth Point grant funding has been included for 2011/12 or 2012/13.
- The New Deal for Schools Modernisation Fund, Adult Social Services Social Care and Mental Health and the Local Transport Plan funding allocations are classed as 'single capital pot' allocations which are non ring fenced.
- Directorate programmes consist of mainly specific capital grants and external contributions which have been awarded or levered in for specific projects or block programmes such as the transport programme. Departmental priorities are used to allocate the funding to specific schemes according to the funder's guidance.

6.3 Within the total resources available, it has been assumed at this stage that the indicative level of corporate unsupported borrowing set in the 2009/10 budget process remains the same for 2010/11 and 2011/12. No new corporate unsupported borrowing has been included in the revenue budget proposed or the resources estimate included in this report for 2012/13 and 2013/14.

6.4 A balance of unallocated funding totaling £1.678m over 2011-14 remains from the single capital pot allocations together with other non ring fenced funding identified as part of the original scheme review process. This will be held as an emergency corporate contingency budget.

6.5 S106 Contributions
It was agreed through the S106 working group that any allocation of S106 monies would be reported to Cabinet during the year to inform members what specific contributions are intended to be used for. Table 3 details the new allocations intended for use on the 2011/12 capital programme together with consultation dates.

Table 3 New S106 Allocations

Dept	Scheme	Developer	Site	Ward	Amount £	S106 reference number	Date of Consultation to Neighbourhood Board
CYP	Wren Park Primary School	Michael Goodall Homes	Crest Hotel, Pastures Hill	Littleover	115,265	CreH1-02	TBC
Housing	Gypsy and Travellers Site	David Wilsons & Miller Homes	James Land, Rykneld Road	Littleover	58,706.98	RykR14-05	TBC
Housing	Gypsy and Travellers Site	Urbanscan	65-71 Ashbourne Road	Mackworth	40,000	AshR3-02	28/03/2011
Housing	Gypsy and Travellers Site	Radleigh Homes	38 Ashbourne Road	Darley	101,293.02	AshR2-03	23/02/2011
CEO	Riverside Garden Improvements	Wilmslow Ltd Partnership - re Castle & Falcon	Westfield Agreement	Arboretum	130,641	EagC1-14	06/04/2011
NGH	Integrated Transport Programme - smaller scheme	Derby Hospitals NHS Foundation Trust	Manor Kingsway Carpark	Littleover	200,000	AcuS2-01	TBC
NGH	Integrated Transport Programme - smaller scheme	Radleigh Homes	42-48 Ashbourne Road	Darley	2,550.	AshR6-02	23/02/2011
NGH	Integrated Transport Programme - smaller scheme	Westpoint Ltd	34-36 Brook Street/Bridge Street	Darley	13,000	BroS4-03	23/02/2011
NGH	Integrated Transport Programme - smaller scheme	Woodford Cedar Limited	The Point, Locomotive Way, Pride Park	Alvaston	24,000	LocoWay1-01a	TBC
NGH	Integrated Transport Programme - smaller scheme	Woodford Cedar Limited	The Point, Locomotive Way, Pride Park	Alvaston	16,000	LocoWay2-01	TBC
NGH	Integrated Transport Programme - smaller scheme	Richard C Hartley Ltd	Parcel Terrace	Abbey	8,000	Parc2-01	TBC
NGH	Integrated Transport Programme - smaller scheme	Dovecorn Reversions	60 Shardlow Road	Alvaston	9,000	ShaR2-02	TBC
NGH	Integrated Transport	Bel-Air Homes Limited	Bungalow and Land Adjoining at	Chellaston	20,000	SinMoLa2-03	17/02/2011

	Programme - smaller scheme		Sinfin Moor Lane				
NGH	Integrated Transport Programme - smaller scheme	Peveril	Spondon Cricket Club	Spondon	7,450	SpCr1-01	TBC
Total					**745,906**		

7. Proposed Capital Programme 2010/11 to 2012/13

7.1 Table 4 shows the overall summary capital programme for 2011/12 to 2013/14 together with the associated funding.

Table 4 - Capital Programme Summary 2010/11 to 2012/13

2010/11 £'000	Costs and Funding	Cost 2011/12 £'000	2012/13 £'000	2013/14 £'000	Total cost £'000
	Scheme Costs				
23,498	Children & Young People	32,003	28,266	5,250	65,519
31,976	Adult Health & Housing	29,953	13,878	10,985	54,816
713	Resources	177	-	-	177
26,660	Neighbourhoods	15,087	20,533	62,300	97,920
30,531	Chief Executive's Office	43,010	11,185	1,314	55,509
-	Emergency Contingency Budget	225	1,007	446	1,678
113,378	**Total Costs**	**120,455**	**74,869**	**80,295**	**275,620**
	Funding				
3,493	Supported Capital Expenditure - SCE (R)	7,454	263	-	7,717
28,986	Supported Capital Expenditure - SCE (C)	18,771	14,963	12,737	46,471
	Unsupported Borrowing				-
18,446	Corporate Programme	37,803	20,828	51,003	109,634
2,783	Service Financed Unsupported Borrowing	1,536	7,411	-	8,947
1,940	Service Financed Spend to Save	3,358	46	-	3,404
	External Funding Secured				-
20,449	Government Grant	19,952	14,849	6,600	41,401
3,234	External Contributions	427	-	-	427
-	Lottery	-	-	-	-
11,184	Capital Receipts	10,575	4,745	510	15,830
2,150	S106	1,884	301	300	2,485
3,677	Revenue Reserves	8,791	2,939	765	12,495
5,901	Service Revenue Reserves	386	244	-	630
2,032	Capital Reserves	239	-	-	239
9,103	Major Repairs Allowance - MRA (Housing)	9,280	8,280	8,380	25,940
113,378	**Total Funding**	**120,455**	**74,869**	**80,295**	**275,620**

7.2 The capital programme is consistent with the Council's proposed corporate outcomes for 2011-14. These are:

A thriving sustainable economy (TSE)

Achieving learning potential (ALP)

Good Health and Wellbeing (GHW)

Being safe and feeling safe (BSFS)

A strong community (SC)

An active cultural life (ACL)

Good quality services that meet local needs (GQSLN)

A skilled and motivated workforce (SMW)

7.3 Appendix 2 shows which corporate priorities each scheme aims to meet.

7.4 In addition to the corporate prudential borrowing programme, allocations of additional prudential borrowing may be made available to support additional capital schemes on a self-financing basis. Spend-to-save schemes are those where the financing cost of the capital investment is matched or exceeded by direct revenue savings. Other self-financing borrowing may occur where financing costs are funded by contributions from existing core revenue budgets. In both cases, there is a need for a revenue budget virement from specific service department budgets to the corporate Treasury Management budget to fund these schemes. The service department retains revenue savings where these exceed the financing costs. Other future schemes may be self-funding through rationalising property holdings and reinvesting the receipt into refurbishing retained property or new developments.

7.5 Appendix 7 sets out details of the self-financing prudential borrowing that has been approved for future years. This is in addition to those in progress in 2010/11. It should be noted that some of this investment replaces schemes that were originally scheduled in the capital programme as being financed from leasing, a more expensive funding route. It therefore demonstrates that the Council has been active in using its powers under the Local Government Act 2003.

7.6 More schemes are expected to be brought forward for approval. Self-financing schemes can be approved at any point in the financial year, on a case-by-case basis, as they are not competing for finite corporate resources. Departments are being encouraged as part of service savings option appraisals to consider the use of self-financing unsupported borrowing to re-shape service delivery. The Corporate Asset Management Group is considering property solutions and opportunities as part of the property review programme.

7.7 Subsequent reports will be brought during the course of the year where block allocations have not been fully allocated to schemes. The Public Realm Board have delegated authority to agree other individual schemes or projects with a cost below £100,000, where these are fully funded from within existing approved allocations or from external sources such as section 106 funding, and do not commit the Council to ongoing additional net revenue costs in future years.

7.8 The programme for 2012/13 and 2013/14 remains indicative, being set for planning purposes other than where a forward commitment is specifically required.

8. Revenue Implications

8.1 The cost of the unsupported borrowing in the revenue budget is dependant on the profiled spend each financial year and the asset life of each capital scheme being funded. The revenue costs of the proposed capital programme have been included in the revenue budget on this agenda. Any changes to the recommendations could therefore have a revenue budget impact. Due to a review of schemes in the original 2010/11 -2012/13 programme and the rephasing of the Councils priority schemes it has meant that a number of revenue savings are forecast. Table 5 shows the anticipated revenue savings, which are currently being confirmed.

Table 5 Revenue savings from reviewing the existing programme

Type of Review	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000
Not contractually committed but ring fenced funding (Appendix 3)	97	115	118	330
Non ring fenced funding streams with no schemes developed (Appendix 4)	126	126	126	378
Rephased priority schemes (Appendix 5)	414	232	2,466	3,112
Total	**637**	**473**	**2,710**	**3,820**

8.2 It is proposed to use the savings from reviewing the existing programme to support the 2011-2014 revenue budget.

8.3 Approval of the prudential borrowing indicators and annual Treasury Management report will also be considered at this cabinet meeting.

8.4 A revenue budget provision to cover lifecycle and on-going maintenance costs should be provided from departmental revenue budgets for all schemes in the capital programme, where relevant. The availability of such revenue budgets for capital schemes will need to be confirmed before capital schemes can commence.

9. Value Added Tax - VAT Partial Exemption

9.1 The Capital Budget Report that went to Cabinet last February included £50m for the leisure strategy construction costs, spread over the years 2010/11 to 2013/14. Further work is needed to develop the options for managing the VAT risk and the impact on the proposed capital programme. This will be considered as part of the detailed planning for the Leisure Strategy and confirmed in a future Cabinet report.

10. Next steps

10.1 The full programme will be considered for approval by Council on 2 March 2011.

10.2 Subsequent to these decisions …

- For block programmes, approval will be needed to the content of programmes, if this is not set out in the initial programme. This will include the Local Transport Plan, detail of which will be reported to Cabinet in March 2011
- Scheme commencements need Cabinet approval if schemes are over £100,000 before individual schemes can proceed, as set out under the financial procedure rules. For schemes which need to commence early in the year, scheme commencement approval can be given at the same point at which funding is committed, to avoid undue delay. Monitoring of projects will be reported to Cabinet throughout the year and, in the case of high risk schemes, through the quarterly monitoring report.
- The updated capital receipts position will be monitored and reported quarterly in the monitoring report.

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Background papers:	None
List of appendices:	Appendix 1 - Implications Appendix 2 - Capital Programme Summary 2011/12 – 2013/14 Appendix 3 - List of excluded schemes not contractually committed with funding allocated Appendix 4 - List of excluded schemes with that are non ring fenced funding streams Appendix 5 - List of priority schemes Appendix 6 - List of new capital bids Appendix 7 - Summary of unsupported borrowing Appendix 8 - Scoring Criteria

Appendix 1

IMPLICATIONS

Financial

1. As set out in the report. Revenue implications of capital schemes will need to be considered as part of the options appraisal undertaken before each scheme commences, and will be built into future revenue budgets as appropriate. Funding from unsupported borrowing and revenue in 2011/12 and 2012/13 is subject to the affordability of these funding pressures within the revenue budget.

Legal

2. Capital expenditure that cannot be met from borrowing, capital receipts, contributions or grants has to be charged to the revenue budget. The rules governing decisions on the capital programme are set out in the Local Government Act 2003 and in regulations and guidance issued under the Act, including the Prudential Code for Capital Finance in Local Authorities issued by CIPFA. This allows for additional unsupported borrowing provided that this is consistent with the Prudential Code, particularly in terms of affordability.

Personnel

3. None directly arising.

Equalities impact

4. None directly arising.

Corporate priorities

5. The process set out for approval is intended to deliver a capital programme that is consistent with corporate objectives and priorities.