DERBY CITY COUNCIL

COUNCIL CABINET
30 SEPTEMBER 2008

ITEM 23

Report of the Corporate Director of Resources

Capital Strategy 2009/10 to 2011/12

SUMMARY

1.1 This report sets out a strategy for the development of the Council's capital programme over the next three years. The major issues it seeks to develop are:

- Linkage with the revenue budget strategy for 2009/10 to 2011/12 which is also on this agenda
- Continuation of major schemes consistent with the Council's Corporate Plan and priorities
- Setting out principles for the use of savings should there be slippage on existing schemes within the capital programme
- Implementing the principle of setting aside contributions to a sinking fund for future maintenance for all new build schemes and, in particular, the Accommodation Strategy which was approved by Cabinet on 2 September 2008
- Continuing active pursuit of capital receipts to maximise available resources in a difficult economic climate

RECOMMENDATION

To recommend to Council …

2.1 To maintain the principles agreed in December 2006 and October 2007 for development of service programmes, subject to the outcomes of the next Comprehensive Spending Review in relation to the 2011/12 financial year.

2.2 To agree the planned allocation of resources to the corporate capital programme, as set out in Section 3.3 and Table 2, subject to receipts becoming available as anticipated, and the affordability of unsupported borrowing within the revenue budget.

2.3 To agree that any departure from the principles of allocating capital receipts to the corporate programme, or any proposals for re-use of properties already declared surplus, should be subject to specific Cabinet approval.

2.4 To agree that any revenue savings arising from slippage on capital schemes funded by corporate unsupported borrowing should be transferred to a contingency to support the revenue budget, unless the Public Realm Board is able to reprofile schemes within its remit during the financial year in question.

2.5 To agree that there should be an annual revenue budget provision of 2% of the capital cost set aside for lifecycle maintenance for all new build schemes, including the accommodation strategy, to be funded as far as possible from existing maintenance budgets and savings on running costs, where these are part of a scheme proposal.

2.6 To propose a further deferral of new corporate unsupported borrowing in the 2011/12 financial year, subject to the outcomes of the next Comprehensive Spending Review.

2.7 To confirm the process and timetable for taking decisions on the detailed content of the capital programme for 2009/10 to 2011/12, set out in Appendix 2.

SUPPORTING INFORMATION

3.1 Introduction

3.1.1 The Council's existing capital programme covers the period 2008/09 to 2010/11 and was based on the Capital Strategy agreed by Cabinet in October 2007. The programme has been updated as specific decisions have been taken during 2008, with a programme update reported to Cabinet on 29 July 2008 for recommendation to Council on 10 September 2008. Council did not agree to the source of funding for the Cathedral Green project and other options are currently being worked up. The latest capital monitoring report was approved by Cabinet on 2 September 2008.

3.1.2 This report sets out the framework against which the programme is now being developed further for the period 2009/10 to 2011/12, with consultation to take place during December 2008 and January 2009, leading up to formal approval by Council on 2 March 2009. No major changes are proposed to the existing principles, but the approach for the next three years needs to be consistent with the Council's revenue budget strategy. Any indicative proposals for 2011/12 will need to be subject to the outcomes of the next Comprehensive Spending Review (CSR), which is expected to be announced in late 2010 and be at least as tight as the current 3 year spending round. The main affordability issues relate to corporate unsupported borrowing, and the need to set aside adequate revenue provision for maintenance for new or refurbished buildings.

3.1.3 The capital strategy is consistent with the Council's corporate priorities for 2008-11. These are:

- Making us proud of our neighbourhoods
- Creating a 21st century city centre
- Leading Derby towards a better environment
- Supporting everyone in learning and achieving
- Helping us all to be healthy, active and independent
- Giving you excellent services and value for money.

3.2 Developments since approval of previous strategy

3.2.1 The Council has an approved capital programme of £110.2m for 2008/09, with latest indicative figures of £97.6m for 2009/10 and £102.7m for 2010/11. The programme includes provision for major schemes such as the Castleward Boulevard, Full Street, contributions to the Silk Mill and Alvaston/Racecourse Parks Lottery bids, Extracare schemes and a redevelopment of Markeaton crematorium.

3.2.2 The corporate capital programme is largely funded from unsupported borrowing. Capital receipts are being used mainly for the accommodation strategy, though there have been some revisions to sources of funding as noted in paragraph 3.2.5 below. There was no new borrowing in 2008/09, but the £2m revenue budget to pay for approximately £19m of unsupported borrowing to deliver public realm schemes is being reinstated for 2009/10 and 2010/11, subject to the achievement of a balanced revenue budget. A decision now needs to be taken on whether new borrowing is to be assumed for 2011/12; however, given the difficulties in balancing the revenue budget, and the uncertainty of funding during the next Spending Review period, it is proposed that no new borrowing is planned for 2011/12 at this stage. This can be reviewed in subsequent years.

3.2.3 Existing major schemes planned for 2009/10 and 2010/11 were required to submit business cases to the Corporate Asset Management Group and Public Realm Board. These are still being scrutinised, with particular attention paid to the profiling of the capital expenditure, revenue implications and reliance on external funding. It is quite likely that this will result in a number of schemes showing slippage. Where this results in revenue savings due to delayed borrowing, it is proposed that the savings should be transferred to a contingency to support the revenue budget and the establishment of a sinking fund referred to in paragraph 3.2.6 below. The exception to this would be schemes within the remit of the Public Realm Board, which would be able to propose a reallocation of resources provided that equivalent expenditure could be incurred during that year to deliver a capital project without slippage.

3.2.4 The future position on funding from capital receipts is becoming more challenging because of the ‘credit crunch’ implications on the sluggish property market and the general current economic climate. The capital update report approved by Cabinet on 29 July 2008 identified a shortfall of £1.7m in forecast capital receipts compared to the previous projection. It is, therefore, important that there is proper consideration of the effects on the corporate capital programme should proposals be made for any departure from the agreed principles of allocating capital receipts or for any re-use of property already declared surplus. Specific Cabinet approval would be needed in these circumstances.

3.2.5 The level of prudential borrowing generated from the revenue budget forecast of unsupported borrowing and which can be afforded within the Council's balanced budget, is determined by interest rates and the period over which repayments are spread. New government regulations require the calculation for a particular scheme to be linked more closely to the life of the asset. A review of the sources of funding of schemes in the capital programme has resulted in us being able to release additional funding by directing borrowing to investment in long term assets such as land and buildings rather than short term assets such as ICT equipment. As a result, the capital budget is being managed not by reference to a total capital sum, but by the revenue cost of each proposed investment. The Council has to approve its maximum level of prudential borrowing each year, together with a range of indicators relating to debt and types of borrowing and investments.

3.2.6 It is good practice to set aside 2% of the capital cost of any new or refurbished building as an annual revenue budget to fund maintenance costs over the life of the asset. This is known as 'lifecycle maintenance'. It ensures that the asset can last longer and avoids premature reactive capital work. A 'sinking fund' would build up in the early years of a new building's life; this would then be available for use when it is showing more sign of wear and tear in the medium to long term. While the Council has endorsed this principle previously in its guidance on submission of business cases, it has never been able to implement because of revenue budget constraints.

3.2.7 Significant expenditure is being incurred on the accommodation strategy, and we should aim to avoid a situation where an unfunded maintenance backlog for the Council House and other administrative buildings is allowed to grow again over the next 20-30 years. The principle of ongoing contributions to a sinking fund should therefore be built into this and other major capital schemes. This could be funded either from departmental budgets or as a corporate pressure. There will clearly be more of an impact on the revenue budget where schemes are not producing revenue savings, and this will need to be considered in the overall capital approval process.

3.2.8 As far as schools are concerned, the Building Schools for the Future programme requires the Council to give a commitment to meeting 'ongoing maintenance' costs. Proposals have been developed for the secondary schools to pool devolved funding and join this up with part of other DCSF capital grant funding for schools. A similar approach could be developed for the Primary Capital programme, for schools to give a commitment to using their devolved capital alongside Department for Children Schools and Families modernisation funding to deal with ongoing maintenance. Planned maintenance schedules are being developed which will determine the funding requirements.

3.2.9 The Council has an earmarked Contract Guarantee Reserve of £297,000. This was set up some years ago to cover against the risks of not being able to recover costs from contractors which have gone into receivership or additional expenditure is required for items not originally included in the project. The Reserve is available for any scheme, not just those from which contributions have been made.

3.2.10 Changes to accounting regulations mean that some Private Finance Initiative schemes may in future appear on local authority balance sheets. We are planning on the basis that this will have a neutral effect but until more detailed technical guidance on this is issued, we cannot be certain.

3.3 Development of the Corporate Capital Programme

3.3.1 Table 1 shows the estimated corporate capital resources available for the corporate programme. These are based on the following assumptions

- There will continue to be a core commitment of unsupported borrowing each year, in support of the corporate capital programme that is consistent with revenue budget planning. This funds around £1.5m of capital each year.

- Further funding from prudential borrowing for the corporate capital programme is reinstated within the revenue budget for 2009/10 and 2010/11, allowing for approximately £19m capital expenditure in each of these 2 years – funded by £2m revenue - as agreed in the revenue budget strategy. As mentioned above, it is proposed to defer new borrowing in 2011/12 subject to affordability and the outcomes of the next Comprehensive Spending Review.

- The extent to which the corporate programme can be funded from borrowing in future years is wholly dependent on achieving a balanced budget for 2009/10 and 2010/11.

- Capital receipts have only been included on a reasonably prudent basis and have been shared in accordance with the principles previously agreed. The figures include future receipts and therefore cannot be absolutely relied upon, particularly in the current economic climate.

- As detailed later, the unsupported borrowing shown in table 1 includes only public realm and corporate elements. Further unsupported borrowing is planned for waste disposal and may arise in other areas where spend to save or departmentally funded schemes are approved. More details about departmental programmes are shown in section 4 of this report.

Table 1: Corporate Capital Resources Forecast – September 2008

	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000
Capital receipts brought forward	9,918			
Unsupported borrowing:				
Core	4,815	7,960	11,965	
Public Realm	2,781	8,950	8,275	
Accommodation Strategy	2,555	6,765	13,084	
Waste Disposal		12,500	12,500	
Capital Receipts received	2,402			
Potential future capital receipts	252	1,870	3,743	
Government Grant - Growth Points	1,348	1,348	1,348	

Government Grant – Local Authority Business Growth Incentive Scheme	212	900	1,088	
Revenue	11	1,613	1,887	
Potential corporate capital resources each year	24,294	41,906	53,890	

3.3.2 An updated projection of existing planned corporate capital spending is summarised in Table 2. This is generally as set out in the forward capital programme approved in March 2008, updated for later changes approved by Cabinet. There is a small potential deficit of £1.3m by the end of 2011/12, but it is anticipated that this will be bridged through slippage and more active pursuit of receipts.

Table 2: Corporate Capital Commitments and Indicative Allocations from 2008/09

	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000
Potential corporate capital resources each year (Table 1)	24,294	41,906	53,890	
Add potential resources brought forward from previous year	0	11,784	7,054	(369)
Total potential resources for corporate programme	24,294	53,690	60,944	(369)
Previously approved schemes				
- Slippage from 2007/08	858			
- Planned Maintenance	2,441	2,825	2,825	
- Waste Disposal		12,500	12,500	
- Assembly Rooms goods lift	33			
- Affordable housing	250	500	500	
- Flood defence fees	289	91		
- Mickleover Library	33			
- Extracare		1,000	3,000	
- Dementia Centre		1,000	1,000	
- Crematorium		250	1,125	550
- City Park, Moorway Lane	150	850	1,160	
- Playground improvements	80	275	275	
- ICT Infrastructure and developments	222	250	2,250	
- Sunnyhill Community Centre	127			
- Springwood Leisure Centre – gym and library extension	1,000	42		
- Gayton Swimming Pool	100	500		
- Libraries in renewal areas	46	613		
- Chaddesden Library	50	150	1,098	
- Racecourse and Alvaston Park changing rooms	212	750	38	
- Silk Mill		1,187	1,188	
- Footway Maintenance		525	525	
- Surface car parks		563	562	

- Connecting Derby – additional funding		125	2,417	384
- Defective Sewers	55			
Public Realm				
- City priorities	3,729	10,055	8,850	
- Council House refurbishment	2,000	5,335	4,000	
- Bus station improvements	250	250		
- Accommodation strategy	555	7,000	18,000	
- War Memorial	30			
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Total Commitments	12,510	46,636	61,313	934
Potential Unallocated Surplus/(Deficit) carried forward	11,784	7,054	(369)	(1,303)

3.4 Accommodation Strategy and Council House refurbishment

3.4.1 The first phase of the Accommodation Strategy – the refurbishment of the Council House and remodelling to support more efficient ways of working – was approved by Cabinet on 2 September 2008. As noted in that report, the approved budget is not now dependent on any borrowing funded from the revenue savings achieved by reducing the numbers of buildings occupied. The second phase of the strategy – the identification and selection of a second city centre building is to be subjected to a European (OJEU) procurement process and it is unclear at this stage whether the £17m remaining capital budget for the Accommodation Strategy will be sufficient. It is proposed, therefore, that the revenue savings that are meanwhile accruing, are set aside as a contingency for additional capital expenditure or, otherwise, to support the revenue budget.

3.4.2 An options appraisal for the Council House refurbishment alone indicates that there is an overall saving if we move out of rented buildings, which have higher running costs than buildings we own because of the costs of rent and service charges. There could be gross revenue savings of up to £1.2m depending on which buildings are vacated. The appraisal includes setting aside 2% of the capital costs as a contribution to maintenance costs over the life of the asset. This would be an increase of £170,000 over the current maintenance budget for the Council House. There would also be increased running costs such as cleaning resulting from more people occupying the building. These increases in costs would substantially offset the gross savings referred to above.

3.4.3 Receipts from the disposal of properties owned by the Council, such as St Mary's Gate, have not yet been built into the programme because of the uncertainties of the Phase 2 solution and timescale, and the need for prudence over capital receipts in the current economic climate. The overall impact of the second phase will be considered in a later report.

3.5 Backlog of Maintenance

3.5.1 Our estimates show that our current backlog of maintenance stands at £106m, excluding the Council House which is within the funded Capital Programme, with a number of the buildings requiring maintenance not really suitable for the current service delivery. As noted last year, the backlog figure is expected to rise as a result of building inflation, reduction in revenue and capital maintenance budgets, more onerous legislative demands, continuing deterioration and better knowledge of the electrical and mechanical systems and as further and more intrusive surveys are carried out. Current budgets are fully committed to the highest priority of keeping buildings open and safe and are making little impact on the overall backlog total as new priorities emerge. In the longer term, the initiatives outlined in the following paragraphs and included in the Corporate Asset Management Plan, should help reduce the backlog. However, there are some significant maintenance projects that will need to be carried out and funded in the next few years and, in addition, a number of facilities, for example, some sports centres and residential homes / day care centres, require complete refurbishment and/or remodeling, subject to option appraisal. There will be a shorter term pressure arising from work needed to implement actions identified in fire and asbestos inspections which are ongoing.

3.5.2 The 2007 Corporate Asset Management Plan included a strategy to reduce the maintenance backlog in non-schools buildings over a six year period. This is based on property rationalisation and includes service reviews, programmed capital projects, including new/replacement facilities and refurbishment, such as the Accommodation Strategy and disposal of surplus assets. This strategy still relies on significant capital funding as well as the property rationalisation described above. In accordance with the planned maintenance prioritisation procedure, funding is being targeted at repairs with the highest condition priority, service priority and where appraisals have indicated that the building is likely to be retained.

Schools' backlog of maintenance will be significantly reduced by the Building Schools for the Future programme and the primary capital programme, alongside ongoing devolved formula capital funding.

3.6 City Centre Public Realm Strategy

3.6.1 The corporate capital programme includes allocations for schemes which are managed through the Public Realm Board. These relate mainly to city centre developments such as Castleward Boulevard and Full Street. The Public Realm Board has delegated authority to approve transfers of budget between schemes of up to £100,000, subject to remaining within the overall total allocated.

3.7 Climate Change

3.7.1 While the forthcoming Carbon Reduction Commitment will in time become a key issue in asset management, in the short term the Council has made its own commitment to cut its carbon emissions by 25% by 2011. The Council has undertaken to cut its annual emissions by around 10,000 tonnes and has 3 years left within which to achieve this. The cut needs to be shared between all contributing emission sources including:

- Heating fuel use
- Electricity consumption
- Fleet fuel
- Business mileage
- Commuting of employees
- Waste
- Street lights.

This is a very big task and will need to be incorporated as a key priority within the planning of the capital programme going forward.

3.8 Scope for further Investment

3.8.1 Major schemes within the existing approved capital programme for 2009/10 and 2010/11 are still working through business cases The revenue implications of each scheme are being considered, including the set aside for maintenance, so schemes will be subject to their affordability within the revenue budget. It is becoming evident that several of the schemes will not progress as quickly as originally anticipated. In these circumstances, it makes sense to concentrate on the delivery of these schemes rather than inviting any new bids at this stage. The proposed deferral of any new corporate borrowing in 2011/12 would also mean that any new corporately funded schemes could not start before April 2012.

3.8.2 A capital pressure mainly beyond this strategy's planning timescale relates to costs associated with Building Schools for the Future (BSF). The programme is separately referred to in paragraph 3.9.2 below, but Cabinet previously agreed in April 2008 that the Council would need to corporately fund the costs of capital works outside school sites, including traffic works required as a condition of planning permission. These costs are not covered by the funding from the Department for Children, Schools and Families (DCSF). The main period of building construction is from 2012 to 2014. The additional costs are estimated to be up to £1.5m and would need to be a first call on corporate funding during that period.

A further significant capital pressure during 2010/11 and 2011/12, not funded through the PFI envelope, associated with decanting costs during the repairs and refurbishment at three schools has also been identified. We will be exploring various options for meeting this pressure from Schools and CYP resources.

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3.8.3 Where funded service programmes include scheme proposals dependent on securing external funding rather than applying confirmed allocations, this will be separately identified and the schemes only approved in principle until funding is secured.

3.9 Development of the Funded Service Programme

3.9.1 Consistent with the principles previously agreed, funded service programmes will be financed mainly from the following resources …

- All 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.

- Supported Capital Expenditure (Capital) (SCE-C) grants from Government specific to service programmes.

- Earmarked proceeds of Section 106 receipts, subject to further procedural review around the introduction of the Community Infrastructure Levy. This is a new charge which local authorities will be able, but not required, to charge on most types of new development in their area. Charges will be based on simple formulae which relate the size of the charge to the size and character of the development paying it. The proceeds of the levy will be spent on local and sub-regional infrastructure to support the development of the area. A subsequent report will be brought to Cabinet to determine the Council's policy once the legislation has been passed.

- Other external resources and grants in so far as these are earmarked for use by that service, for example specific European and lottery funds.

- Service capital receipts available, other than those 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.

Children and Young People – CYP

3.9.2 The most significant area of capital expenditure for CYP remains Building Schools for the Future - BSF - a national programme to rebuild or refurbish every secondary school in the country. Derby is expecting to receive around £180m with a further £25m for ICT. All secondary schools will have been rebuilt or substantially refurbished by the time this funding is spent. This will include new schools built through the Private Finance Initiative (PFI). It is expected that the main period of construction will be between 2012 and 2014. Cabinet has given approval for the formation of a Local Education Partnership (LEP), which will deliver the schemes. The Outline Business Case is due to be submitted by 10 October 2008. Further reports are to be brought to Cabinet as the scheme progresses, including responding to Department for Children, Schools and Families (DCSF) expectations on providing adequate funding for lifecycle maintenance for the non-PFI secondary schools while ensuring there is sufficient remaining for the needs of primary schools.

3.9.3 In common with other funding within the current Spending Review period, DCSF capital allocations are already known for 2009/10 and 2010/11. A Primary Strategy for Change was submitted to access funding from the Primary Capital Programme, and a decision on whether this has been approved is imminent. For the programme to be effective, it will need to join together with other funding streams such as New Deal for Schools (NDS) Modernisation Fund funding, Section 106 and Schools Access Initiative funding. A series of Area Reviews in parts of the city with high numbers of surplus places will start in the next few months, and additional schemes may flow from the Review recommendations.

Housing and Adult Social Services

3.9.4 The key priorities over the next three years are:

- Developing and implementing the Rose Hill and Osmaston master plans
- The continuation of the five-year Estates Pride programme for Derby Homes, with an exit strategy being required as funding diminishes over the remaining life of the scheme
- Meeting the government target for achieving decent homes in the private sector
- The challenge of maintaining decent Council homes given increased investment needs and decreasing resources
- Derby Homes developing new affordable housing across small sites within the city
- The Housing Private Finance Initiative - PFI - scheme to deliver 175 homes around the city is progressing and the contract should be signed by 2009

3.9.5 A feasibility study is taking place as part of the Derwent master planning exercise but any actual housing construction is likely to be beyond this 3 year period.

3.9.6 Housing Right to Buy receipts are rapidly diminishing due to a sharp fall in the number of sales following the housing fall-out of the credit crunch. It may be necessary to reshape the Housing and Corporate Capital Programmes to reflect any decrease in funding available.

Highways, Transport and Flood Defence

3.9.7 The Local Transport Plan - LTP - attracts funding from central government, with indicative allocations of around £5m each year over the current Spending Review period. This can be supplemented by reward funding depending on performance. The priorities over the next three years will be:

- Alvaston District Centre
- Integrated transport schemes on the main transport corridors
- Structural maintenance to roads and bridges
- Traffic management improvements in local areas.

In addition, we have submitted the final business case bid to the Department for Transport (DfT) to complete Connecting Derby, and are preparing the business case for the replacement of London Road Bridge.

3.9.8 The Council is developing a Highways Asset Management Plan (HAMP) in line with the expectations of the DfT. Most authorities are using the County Surveyors' Society's "Framework for Highway Asset Management", which provides the following definition for asset management:

> "Asset management is a strategic approach that identifies the optimal allocation of resources for the management, operation, preservation and enhancement of the highway infrastructure to meet the needs of current and future customers."

It is anticipated that significant progress on our HAMP will be made during 2008, and that it will enable us to make more informed decisions on priorities for funding.

3.9.9 The priority projects under development in land drainage and flood defence are subject to the Environment Agency's funding approval process. Within the period covered by this strategy, it is anticipated that catchment area management plans for land drainage and flood defence schemes will lead to major capital schemes for both the Littleover and Bramble Brooks. The Regeneration & Community Department will be submitting schemes for approval to the Environment Agency following consultations and option appraisals and associated detailed design approvals. Strategic work by the Environment Agency to deliver NI189, looking at the Trent Catchment Flood Management Plan and the Lower Derwent Strategy, will involve the City Council and our short term targets could change.

3.9.11 As also noted in the revenue budget strategy report are the difficulties we are encountering with the management of the Highways Maintenance contract with Carillion, coupled with a maintenance backlog. This has resulted in a significant financial pressure on the Highways budget. A separate report will be presented to the Cabinet outlining in detail the concerns in this area, and the estimated financial pressure.

3.10 Self-Financing Prudential Borrowing

3.10.1 In addition to the corporate programme, allocations of additional prudential borrowing may be made 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 over the financing costs.

3.10.2 Table 3 sets out for information details of the self-financing prudential borrowing that has been approved for future years. This is in addition to those in progress in 2008/09. 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 demonstrates that the Council has been active in using its powers under the Local Government Act 2003.

Table 3: Approved Self Financing Prudential Borrowing

Scheme	2008/09	2009/10 £000	2010/11 £000	2011/12 £000	Cabinet Approval Date
Service Financed					
Rethink Rubbish	302				9 Nov 2004
Grounds plant and equipment	320	70	540		Various
Refuse vehicles and plant	285	105	375		Various
Street cleaning equipment	50	80	280		Various
New children’s home – autistic unit	1,030	26			Sep 2007
Village Primary School	588				25 Apr 2006
Total	2,575	281	1,195	0	
Spend to Save					
Energy management	234				26 Apr 2005
Electronic social care records	244				29 Nov 2005
Hydro Electric Power Station	200	1,265	35		18 Dec 2007
Total	678	1,265	35		
Total Self-financed unsupported borrowing	**3,253**	**1,546**	**1,230**		

3.10.3 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. As noted in paragraph 3.2.5, changes in interest rates and the asset life will impact on the total spending which can be funded from a given amount of resources.

3.10.4 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.

3.11 Timetable

3.11.1 The timetable for review and decision-making on the capital programme is set out in Appendix 2.

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Timetable for Capital Programme Review and Approval

IMPLICATIONS

Financial

1.1 As set out in the report.

Legal

2.1 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

3.1 None directly arising.

Equalities Impact

4.1 None directly arising.

Corporate objectives and priorities for change

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

Timetable for Capital Programme Review and Approval

Date	**Meeting**	**Item**
Nov/Dec 08	Cabinet members	Consider scheme priorities within the funded service element of the capital programme
Ongoing to Nov 08	Asset Management Group/Public Realm Board	Review of business cases within corporate building programme
Dec 08/Jan 09	All scrutiny members	Consider revenue and capital budget strategy, and corporate capital programme
13 Jan 09	Community Commission	Housing programme Environmental Services programme (leisure)
19 Jan 09	Adult Services and Health Commission	Housing programme (Supported Housing elements) Adult Social Services programme
19 Jan 09	Planning and Transportation Commission	Transport programme
20 Jan 09	Climate Change Commission	Environmental Services programme (waste)
20 Jan 09	Children and Young People Commission	Including schools programme
27 Jan 09	Scrutiny Management Commission	Whole programme Environmental Services programme (parks and direct services) ICT
17 Feb 09	Council Cabinet	Approval of whole programme subject to changes from commissions, and associated prudential indicators
2 Mar 09	Council	Approval of programme