

<b>DECISION-MAKER:</b>	CABINET COUNCIL
<b>SUBJECT:</b>	THE GENERAL FUND CAPITAL PROGRAMME 2010/11 TO 2013/14
<b>DATE OF DECISION:</b>	7 FEBRUARY 2011 16 FEBRUARY 2011
<b>REPORT OF:</b>	CABINET MEMBER FOR RESOURCES AND WORKFORCE PLANNING PORTFOLIO
<b>STATEMENT OF CONFIDENTIALITY</b>	
N/A	

### **BRIEF SUMMARY**

The purpose of this report is to inform Council of any major changes in the overall General Fund Capital Programme since it was last reported on 15<sup>th</sup> September 2010. This report also outlines the way in which the revised programme has been funded, reflecting the changes in availability and usage of capital resources.

The net result of the changes in this report is that the current overall programme has increased by £13.1M.

### **RECOMMENDATIONS:**

#### **CABINET**

#### **Recommends that Full Council:**

- (i) Approve the revised General Fund Capital Programme (which totals £219.5M as detailed in paragraph 4) and use of resources.
- (ii) Approve the over programming of £9.2M as detailed in paragraph 11 which is within the previously approved tolerances.
- (iii) Add £1.4M to the Leader's capital programme in 2011/12 for the following schemes to be funded by revenue:
  - Major Site Development Posts - £150,000
  - Watermark West Quay - £346,000
  - West Quay Site B Phase 2 - £37,000
  - Royal Pier - £445,000
  - Town Depot - £381,000
  - Former Tyrrell & Green Site - £60,000
  - Fruit & Vegetable Market - £25,000
- (iv) Add £3.8M to the Environment & Transport capital programme in 2011/12 for the following works to be funded by government grants (LTP Settlement):
  - Roads & Other Highways - £1,923,000
  - Integrated Transport - £1,900,000

- (v) Add £2,649,000 to the Environment & Transport capital programme in 2011/12 for roads to be funded by revenue.
- (vi) Add £2,054,000 to the Environment & Transport capital programme in 2011/12 for Roads to be funded by Council Resources (Highways Borrowing).
- (vii) Add £1.0M to the Environment & Transport capital programme for the Itchen Bridge Toll Automation - £150,000 in 2010/11 and £850,000 in 2011/12, to be funded by council resources (unsupported borrowing) £510,000 and contributions £490,000.
- (viii) Add £920,000 to the Environment & Transport capital programme for the following schemes to be funded by revenue:
  - Congestion Relief - £100,000 in 2011/12
  - Pavement Works - £200,000 in 2010/11 and £550,000 in 2011/12
  - St Denys Footway & Lighting - £70,000 in 2010/11
- (ix) Add £800,000 to the Environment & Transport capital programme in 2011/12 for the following schemes to be funded by contributions:
  - Civic Centre Place - £625,000
  - Legible Cities - £175,000
- (x) Add £310,000 to the Adult Social Care & Health capital programme in 2011/12 for the following schemes to be funded by revenue:
  - Care Standards and Health & Safety £260,000
  - Essential Appliances and Equipment £50,000
- (xi) Add an additional £50,000 to the Local Services & Community Safety capital programme for the Daisy Dip scheme to be funded by council resources (Aster House capital receipt).
- (xii) Note that the revised General Fund Capital Programme takes into account the Comprehensive Spending Review (CSR) for 2011/12 and future years.

## **COUNCIL**

### **It is recommended that Council**

- (i) Approve the revised General Fund Capital Programme (which totals £219.5M as detailed in paragraph 4) and use of resources.
- (ii) Approve the over programming of £9.2M as detailed in paragraph 11 which is within the previously approved tolerances.

- (iii) Add £1.4M to the Leader's capital programme in 2011/12 for the following schemes to be funded by revenue:
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- (xi) Add an additional £50,000 to the Local Services & Community Safety capital programme for the Daisy Dip scheme to be funded by Council Resources (Aster House capital receipt).

- (xii) Note that the revised General Fund Capital Programme takes into account the Comprehensive Spending Review (CSR) for 2011/12 and future years.

## REASONS FOR REPORT RECOMMENDATIONS

1. The update of the Capital Programme is undertaken twice a year in accordance with Council Policy and is required to enable schemes in the programme to proceed and to approve additions and changes to the programme.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. The update of the Capital Programme is undertaken within the resource constraints imposed on it. No new schemes can be added unless specific additional resources are identified. Alternative options for new capital spending are considered as part of the Budget setting process.

## DETAIL (Including consultation carried out)

### CONSULTATION

3. The General Fund Capital Programme update summarises additions to the capital programme since September 2010. Each addition to the capital programme has been subject to the relevant consultation process which now reflects the key role played by Capital Boards and the developing use of the Councils project management system Sharepoint. The content of this report has been subject to consultation with Finance Officers from each portfolio.

### THE FORWARD CAPITAL PROGRAMME

4. The following table shows a comparison of the total planned expenditure for each year with the sums previously approved. The Latest Programme figures include additions to the programme which are subject to approval of the specific recommendations.

	2010/11	2011/12	2012/13	2013/14	Later Years	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Latest Programme	99,174	82,330	17,157	4,950	15,853	219,464
Sep 2010 Programme	118,956	53,682	21,530	0	12,173	206,341
<b>Variance</b>	<b>(19,782)</b>	<b>28,648</b>	<b>(4,373)</b>	<b>4,950</b>	<b>3,680</b>	<b>13,123</b>

5. The above table shows that the General Fund Capital Programme has increased by £13.1M. With the exception of changes requiring approval detailed in this report's recommendations, all of the increase has been previously approved by Council, Cabinet or under delegated authority. Details of each portfolio's programme are shown in Appendix 1.

The change in individual portfolios' capital programmes is shown in the following table and a summary of the major variations, together with the source of funding and the priorities to which they contribute, is detailed in Appendix 2:

	<b>Latest Programme £000's</b>	<b>Previous Programme £000's</b>	<b>Total Change £000's</b>
Children's Services & Learning	57,538	56,329	1,209
Leader's (Economic Development.)	11,391	10,367	1,024
Environment & Transport	42,770	31,148	11,622
Adult Social Care & Health	4,161	3,773	388
Housing	10,241	11,284	(1,043)
Local Services & Community Safety	2,345	2,271	74
Leisure, Culture & Heritage	40,596	40,747	(151)
Resources & Workforce Planning	50,422	50,422	0
<b>Total GF Capital Programme</b>	<b>219,464</b>	<b>206,341</b>	<b>13,123</b>

## **CAPITAL RESOURCES**

6. The resources which can be used to fund the capital programme are as follows:
- Supported Borrowing
  - Unsupported Borrowing
  - Capital Receipts from the sale of HRA assets
  - Capital Receipts from the sale of General Fund assets
  - Contributions from third parties
  - Central Government Grants
  - Grants from other bodies
  - Direct Revenue Financing (DRF) raised from Council Tax payers or balances
7. Capital Receipts from the sale of Right to Buy (RTB) properties are passed to the General Fund capital programme to support the Housing Association schemes within the Housing Portfolio.

## CHANGES IN AVAILABLE RESOURCES

8. The additional spending within the Capital programme must be met from additional sources of finance. The following table shows the resource changes that have taken place since September 2010:

	£000's
Supported Borrowing	(6)
Unsupported Borrowing	2,133
Capital Receipts	1,512
Contributions	165
Capital Grants	4,986
Car Parking Surplus	0
DRF from Balances	777
Contribution from Revenue	2,354
Direct Revenue Financing from Portfolios	1,984
<b>Total Change in Available Resources</b>	<b>13,905</b>

9. The main reasons for the resource changes are detailed in Appendix 3. It should be noted that the programme takes into account the outcome of the Comprehensive Spending Review for 2011/12 and future years. This affects areas such as the roads programme within the Environment & Transport capital programme which is heavily reliant on grant funding from government each year.

## OVERALL USE OF RESOURCES

10. The following table shows capital expenditure by portfolio and the use of resources to finance the General Fund Capital Programme:

	2010/11	2011/12	2012/13	2013/14	Later Years	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Children's Services & Learning	23,394	29,224	4,316	430	174	57,538
Leader's	6,933	3,473	0	0	985	11,391
Environment & Transport	21,430	19,612	1,516	212	0	42,770
Adult Social Care & Health	1,148	2,363	650	0	0	4,161
Housing	4,691	3,675	1,563	22	290	10,241
Local Services & Community Safety	1,462	722	161	0	0	2,345
Leisure, Culture & Heritage	7,946	13,037	1,688	3,521	14,404	40,596
Resources & Workforce Planning	32,170	10,224	7,263	765	0	50,422
<b>Total GF Capital Programme</b>	<b>99,174</b>	<b>82,330</b>	<b>17,157</b>	<b>4,950</b>	<b>15,853</b>	<b>219,464</b>

	2010/11	2011/12	2012/13	2013/14	Later Years	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Supported Borrowing	6,840	0	0	0	0	6,840
Unsupported Borrowing	40,988	9,454	4,196	1,058	1,058	56,753
Capital Receipts	6,272	10,876	5,004	5,719	15,430	43,301
Contributions	5,842	6,452	766	470	1,920	15,450
Capital Grants	26,513	36,998	4,481	2,010	5,674	75,676
Car Parking Surplus	85	200	0	0	0	285
Contributions from Rev	2,354	0	0	0	0	2,354
DRF from Balances	1,264	1,194	0	0	0	2,458
DRF from Portfolios	2,763	4,252	133	0	0	7,148
<b>Total Financing</b>	<b>92,921</b>	<b>69,426</b>	<b>14,580</b>	<b>9,257</b>	<b>24,082</b>	<b>210,265</b>
<b>Surplus / (Deficit)</b>	<b>(6,253)</b>	<b>(12,904)</b>	<b>(2,577)</b>	<b>4,307</b>	<b>8,229</b>	<b>(9,199)</b>

11. The table above shows that following the latest update of the capital programme there is deficit of £9.2M due largely to the loss of capital receipts. This is compared to the £10.5M deficit reported in September 2010. The deficit has reduced largely due to additional future capital receipts. At this stage rather than make large scale changes to the existing programme, it is recommended that the Council continue to “over-programme’ on the basis that in future years the position should improve. The deficit represents 4.2% of the overall capital programme which is within the limit of 5% set in the Medium Term Financial Strategy and approved on the 13<sup>th</sup> May 2009.
12. The table also shows that there is deficit funding in the early years of the programme and the biggest individual deficit is £12.9M in 2011/12. However, analysis of previous programmes has shown that there has been on average a minimum level of slippage of £15M per annum and therefore based on the current profile of the programme it is anticipated that the over programming can be contained.
13. It is therefore proposed at this stage to manage the deficit in individual years through slippage in the programme, which will be monitored carefully throughout the year, although delegated powers do exist to prudentially borrow in the event of a deficit in any particular year. The overall deficit of £9.2M in the programme will be met from new resources that will become available in future years or by the use of prudential borrowing, the costs of which will have to be built into future budget forecasts.
14. Given the deficit in the programme and the lack of available capital resources over the past three years, additions to the programme are only considered in very exceptional circumstances. The proposed capital programme in this report contains nine items for approval which are detailed below.
15. A large element relates to major site development in the City which represents the continuation of schemes which have already begun, but are only being funded on a year by year basis subject to available resources and the status of the sites themselves. The progression of these sites is seen as one of the key priorities of the Council since each one will bring new investment, new development and new jobs to the City.
16. The addition of the works to the Environment & Transport programme totalling £920,000 are partly to replace monies lost as part of the LTP settlement but also to take the opportunity to use new technologies to undertake significant footpath improvement works across the City which will bring environmental and health benefits to many areas that desperately need it. The other additions totalling just over £10.3M reflect the addition of the financial year 2011/12 to the programme, largely as a result of the LTP settlement.
17. The additions in Adult Social Care and Health reflect the annual ongoing programme of improvements to Council owned care facilities and the replacement of equipment, both of which are essential if the facilities are to remain open in an acceptable condition.
18. The £50,000 for Daisy Dip represents a commitment made by the Council following the successful bid as part of the people’s millions. More details of the additions are shown below.



19. Add £1.4M to the Leader's capital programme in 2011/12 for the following schemes to be funded by revenue:

- Major Site Development Posts - £150,000
- Watermark West Quay - £346,000
- West Quay Site B Phase 2 - £37,000
- Royal Pier - £445,000
- Town Depot - £381,000
- Former Tyrrell & Green Site - £60,000
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Add £3.8M to the Environment & Transport capital programme in 2011/12 for the following works to be funded by Government Grants (LTP Settlement).

- Roads - £1,923,000
- Integrated Transport - £1,900,000

Add £2,649,000 to the Environment & Transport capital programme in 2011/12 for Roads to be funded by revenue.

Add £2,054,000 to the Environment & Transport capital programme in 2011/12 for Roads to be funded by Council Resources (Highways Borrowing).

Add £1.0M to the Environment & Transport capital programme for the Itchen Bridge Toll Automation - £150,000 in 2010/11 and £850,000 in 2011/12, to be funded by Council Resources (unsupported borrowing) £510,000 and contributions £490,000.

Add £920,000 to the Environment & Transport capital programme for the following schemes to be funded by revenue:

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Add £800,000 to the Environment & Transport capital programme in 2011/12 for the following schemes to be funded by contributions:

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Add £310,000 to the Adult Social Care & Health capital programme in 2011/12 for the following schemes to be funded by revenue:

- Care Standards and Health & Safety £260,000
- Essential Appliances and Equipment £50,000

Add £50,000 to the Local Services & Community Safety capital programme for the Daisy Dip scheme to be funded by Council Resources (Aster House capital receipt).

## **CHANGES TO THE PROGRAMME**

21. A number of changes to the overall programme have been approved at Capital Boards and via separate reports.
22. A recommendation to approve the addition of £310,000 to the Adult Social Care & Health portfolio is included within this report. This additional expenditure is for further essential health and safety work and equipment replacement at care homes and is funded from revenue balances. There is an ongoing need to provide equipment and undertake essential works to the City's care homes now that Government borrowing approvals have ceased to ensure minimum standards are maintained.
23. A recommendation to approve the addition of £920,000 to the Environment & Transport Portfolio for congestion relief works and pavement works is included within this report. The updating of traffic signal control and communication equipment is to optimise junction efficiency on key corridors, incorporating public transport journey benefits. Additional investment in footways across the City is in response to public demand, to improve their condition, assist less mobile pedestrians and improve safety.
24. A series of recommendations to approve the addition of £10.3M to the Environment & Transport portfolio to reflect the addition of the financial year 2011/12 to the capital programme for Highways, Integrated Transport and Itchen Bridge Toll Automation works are also included. The Council is continuing to invest £6M each year in highways infrastructure to help offset the deterioration of the City's roads. In 2011/12 this will be funded by £1.3M from the Local Transport Plan settlement (government grants), £2.6M from DRF and £2.1M from unsupported borrowing. In addition, there will be a one-off investment of £750,000 in pavement works funded from revenue.
25. A recommendation to approve the addition of £1.4M to the Leader's portfolio for a number of schemes is included within this report. This additional expenditure is for programme management and scheme progression for major projects is funded by revenue. This is a continuation of previous funding that has been allocated to progress these key sites in the City but due to restrictions on capital funding provision is only being made one forward year at a time.
26. A recommendation to approve the addition of a further £50,000 to the Local Services & Community Safety portfolio for the Daisy dip scheme is included within this report. This represents match funding of the People's Millions 50,000 award for a multi-use games area at Daisy Dip.

## **NEW SPENDING PRIORITIES PUT FORWARD BY CABINET**

27. Due to the current over-programming and lack of additional funding, no new initiatives, other than those outlined above as consistent with previous policy decisions are being proposed.

## **RESOURCE IMPLICATIONS**

### **Capital**

28. As set out in the report details.

## **Revenue**

29. This report principally deals with capital. However, the revenue implications arising from borrowing to support the capital programme are considered as part of the annual revenue budget setting meetings. In addition any revenue consequences arising from new capital schemes are considered as part of the approval process for each individual scheme.

## **Property**

30. There are no specific property implications arising from this report other than the schemes already referred to within the main body of the report.

## **Other**

31. None

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

32. The General Fund Capital Programme update is prepared in accordance with the Local Government Acts 1972 – 2003.

### **Other Legal Implications:**

33. None directly, but in preparing this report, the Council has had regard to the Human Rights Act 1998, and the Race Relations (Amendment) Act 2001 and other associated legislation.

## **POLICY FRAMEWORK IMPLICATIONS**

34. The update of the Capital Programme forms part of the overall Budget Strategy of the Council.

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**KEY DECISION?** Yes/No    YES

<b>WARDS/COMMUNITIES AFFECTED:</b>	ALL
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## SUPPORTING DOCUMENTATION

**Non-confidential appendices are in the Members' Rooms and can be accessed on-line**

### **Appendices**

1.	General Fund Capital Programme – Scheme Details
2.	Major Variations since September 2010 Capital Update
3.	Major Reasons for Changes in Capital Resources

### **Documents In Members' Rooms**

1.	None
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### **Integrated Impact Assessment**

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes/No
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### **Other Background Documents**

**Integrated Impact Assessment and Other Background documents available for inspection at:**

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1. The General Fund Capital Programme 2009/10 to 2012/13 as approved by Council on the 15 <sup>th</sup> September 2010.	