

# RIBBLE VALLEY BOROUGH COUNCIL

## REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 6

meeting date: 7 FEBRUARY 2012  
title: OVERALL CAPITAL PROGRAMME 2012/15  
submitted by: DIRECTOR OF RESOURCES  
principal author: JANE PEARSON

### 1 PURPOSE

1.1 To recommend a capital programme for 2012/15 to Full Council on 6 March 2012.

### 2 BACKGROUND

2.1 Before a capital programme can be approved, consideration needs to be given to whether it is:

- Affordable, both in capital and revenue terms
- Achievable in terms of staff resources and time scales
- In line with Council priorities

2.2 In August 2011 the Budget Working Group reviewed the Council's Capital Programme. They agreed the following:

- that the capital programme should cover the term of the current council. The current council covers the years 2011 to 2015 and therefore there are three years remaining.
- the forward programme should be analysed into the following themes:
  - **Housing Services**
  - **Service Support and Delivery**
  - **Economic Growth and Prosperity**

This was to compare proposed expenditure alongside the appropriate resources available e.g. economic growth and prosperity schemes – funded from New Homes Bonus

- Heads of Service be invited to submit scheme bids for the forward programme.
  - Schemes put forward should be the absolute basic requirements to keep the Council's services running over the coming three years.
- 2.3 Officers submitting schemes were asked to complete a capital 'bid form'. By providing full details of the proposed schemes members have been able to make a more informed decision on the inclusion of schemes in the capital programme. The 'bid forms' requested details on such items as:
- How the scheme links to the Council's ambitions
  - Revenue implications and full capital costs
  - Risk management issues and performance management information

- Consultation
- Impact if the proposed scheme was delayed or deleted
- Efficiency and Value for Money

- 2.4 Full details of all bids were presented to members during the recent committee cycle as part of the forward capital programme reports.
- 2.5 The Budget Working Group (BWG) and Corporate Management Team (CMT) have also met to consider the draft programme and made a number of proposals/amendments.

### 3 THE DRAFT CAPITAL PROGRAMME AS SUBMITTED TO SERVICE COMMITTEES

- 3.1 The table below summarises the capital schemes submitted to service committees in the current cycle. The full programme is shown in Annex 1 (BLUE), and the table below provides a summary.

**Draft Capital Programme (All Schemes as reviewed by Service Committees)**

	2012/13	2013/14	2014/15	Total
	£	£	£	£
Community Services	221,000	13,000	200,000	434,000
Planning and Development	0	0	0	0
Policy and Finance	282,000	10,000	0	292,000
Health and Housing	350,000	260,000	260,000	870,000
<b>Total Proposed Schemes</b>	<b>853,000</b>	<b>283,000</b>	<b>460,000</b>	<b>1,596,000</b>
Estimated Resources to Fund the Above	-864,435	-334,000	-334,000	-1,532,435
(Surplus Resources to Carry Forward)/Over Commitment	-11,435	-62,435	63,565	63,565

#### **Resources**

- 3.2 The resources shown for 2012/13 include **anticipated** spare resources carried forward from 2011/12 of £155,700.
- 3.3 The above table includes the total likely capital funding we could expect to receive over the five year period and a breakdown is provided at Annex 2 (YELLOW). Obviously at this early stage this is only a rough estimate and will particularly depend on future government allocations for Disabled Facilities Grants and the level of capital receipts that we may receive from the sale of any assets over the coming years.
- 3.4 Clearly the total programme as submitted to service committees is unaffordable. We recommend retaining £300,000 of capital reserves in hand and therefore the true shortfall at the end of the programme is therefore £363,565.

- 3.5 The submitted capital bids were reported to the Budget Working Group in September 2011, where the schemes were discussed in some detail. Due to issues around affordability of the programme, and the low level of capital resources available it was recommended that CMT review the programme and its financing, and report back to a future meeting of the Budget Working Group. Again Members were clear that any schemes should be the **absolute basic requirements** to keep the Council's services running over the coming three years.

#### 4 CAPITAL BUDGETS MOVED FROM 2011/12 TO 2012/13

- 4.1 As shown in some detail on the Revised Capital Programme 2011/12 report elsewhere on the agenda, a substantial amount of capital budget is recommended for transfer to the 2012/13 financial year. The reasons for this and the amounts involved are shown in the table below.

Cost Centre	Scheme Title	Total Approved Budget 2011/12	Revised Estimate 2011/12	Budget Moved to 2012/13	Reasons
RVFXV	Replace Refuse Collection Vehicle	200,000	165,000	<b>165,000</b>	Delivery not expected until after 31 March 2012
WMOOR	Whalley Moor - Woodland Paths and Nature Trails	40,080	20,000	<b>20,080</b>	Completion of the scheme will span the end of the financial year
DISCP	Disabled Facilities Grants	234,180	165,000	<b>69,180</b>	There has been a reduced number of referrals from occupational therapists and additional grant
LANGR	Landlord Tenant Grants	156,080	111,080	<b>45,000</b>	Take up of the grants has been less than anticipated
REPPF	Repossession Prevention Fund	13,560	5,000	<b>8,560</b>	Take up in the year has been less than anticipated for this government funded initiative
		<b>643,900</b>	<b>466,080</b>	<b>307,820</b>	

- 4.2 All associated resources to finance this transfer of budget will also be moved to the 2012/13 financial year and therefore has no impact on the affordability of the 2012/15 Forward Capital Programme.

#### 5 REVIEW OF THE CAPITAL PROGRAMME 2012/15

- 5.1 CMT reviewed the potential programme following submission of all bids in early January 2012, in line with the remit given by the Budget Working Group. In addition CMT considered the total capital resources available.
- 5.2 The Budget Working Group met on 16 January 2012 to consider the Capital Programme and their recommendations for each scheme can be seen in Annex 1 alongside the original bids.
- 5.3 CMT had recommended to the Budget Working Group that four of the schemes be removed from the proposed capital programme. These schemes are shown in the table below alongside the justification for doing so.

### Recommended Schemes for Deletion

Scheme Title	2012/13 £	2013/14 £	2014/15 £	Comments
Non-Specific Measures to Reduce Energy Consumption in Council Buildings	147,000			It is recommended that the two schemes be further investigated and reported to CMT. These schemes may be considered for later
Introduction of Photo Voltaic Schemes - Main Offices, Pool, Depot	10,000	10,000		
Energy Efficiency Grant	2,000	2,000	2,000	The two schemes are below the de minimis for capitalisation
Renewable Energy Source Grants	8,000	8,000	8,000	
	167,000	20,000	10,000	

5.4 Two further schemes are recommended for reduction. It is suggested that the Disabled Facilities Grants bid is reduced from £150,000 per annum to £120,000 per annum, and that the Landlord Tenant Grants bid is reduced from £100,000 to £75,000 per annum. This decision reflects the level of spend that has been experienced over the past few years and the problems that have been reported to Health and Housing Committee with regard to referrals and take-up.

5.5 Whilst the recommendation is for a reduction in the level of these capital bids for 2012-15, there is a large amount of capital budget being moved from the current financial year 2011/12 to next year 2012/13 in respect of these two schemes. The revised capital programme for 2011/12 recommends that £69,180 is moved to 2012/13 in respect of Disabled Facilities Grants and £45,000 is moved to 2012/13 in respect of Landlord Tenant Grants. In addition we have recently been allocated an extra £23k in the current year for Disabled Facility Grants which has been incorporated into the programme,

### Recommended Programme

5.6 Annex 3 (LILAC) shows the resultant recommended programme along with the scheme budgets already carried forward from the current year.

5.7 This reduced programme better reflects the earlier recommendations of the Budget Working Group and helps ensure an achievable capital programme with a likely reduction in future slippage on housing capital schemes, which has been a matter of concern in the past.

### Resources to finance the Capital Programme

5.8 Annex 4 (CREAM) shows the potential capital resources we expect to receive (or already have in hand) over the life of the recommended programme.

### Financing the Capital Programme

5.9 Resources to finance the proposed capital schemes have been applied in a manner to best match the nature of the asset and the anticipated asset life. Use of borrowing and the VAT Shelter reserve has been kept to an average of approximately £100,000 per annum for each method of finance, in line with previous Budget working Group recommendations. Annex 5 (PINK) shows the proposed method of financing for each category of capital spend.

The table below summarises the proposals and demonstrates their affordability:

	2012/13 £	2013/14 £	2014/15 £	Total £
Total of all Proposed Schemes	631,000	208,000	395,000	<b>1,234,000</b>
Total Resources Available	-931,635	-220,000	-383,000	<b>-1,534,635</b>
<b>Balance Remaining</b>	<b>-300,635</b>	<b>-312,635</b>	<b>-300,635</b>	<b>-300,635</b>

5.10 Members will see that the proposed scheme is now affordable and maintains a level of capital balances above the minimum level of £300,000.

## 6 CONCLUSION

6.1 The resulting programme including schemes moved from 2011/12 is affordable, with the overall level of capital reserves being maintained at a level above £300,000.

6.2 The proposed programme has been kept to the **absolute basic requirements** to keep the Council's services running over the coming three years.

## 7 RECOMMENDED THAT SPECIAL POLICY AND FINANCE COMMITTEE

7.1 Recommend to Council the Capital Programme for 2012/15 as set out in Annex 3.



DIRECTOR OF RESOURCES

PF10-12/JP/AC  
26 JANUARY 2012

**SPECIAL POLICY AND FINANCE COMMITTEE**  
**ORIGINALLY PROPOSED SCHEMES TOGETHER WITH BUDGET WORKING GROUP RECOMMENDATIONS**  
**FORWARD CAPITAL PROGRAMME 2012/2015**

EXPENDITURE	Bids as Submitted			Budget Working Group Recs			Category
	2012/13 £	2013/14 £	2014/15 £	2012/13 £	2013/14 £	2014/15 £	
<b>COMMUNITY SERVICES COMMITTEE</b>							
<b>CCTV</b>							
CCTV System Data Transmission Pack	14,000			14,000			Service Support and Delivery
<b>Grounds Maintenance</b>							
Replacement vehicle PK06 VWY - Vauxhall Vivaro 2900 DTI LWB Panel Van		13,000			13,000		Service Support and Delivery
Gang Mower Replacement - Major TDR16000 Roller Mower	22,000			22,000			Service Support and Delivery
<b>Refuse Collection</b>							
Replacement of VX04 FXV - Dennis 23t RP HGV Refuse Collection Vehicle	170,000			170,000			Service Support and Delivery
Refurbishment of body on PN05 PWL - DAF 7t HGV Refuse Collection Vehicle	15,000			15,000			Service Support and Delivery
Replacement of VA57 BBF - Dennis (Geesink) 26t RP HGV Refuse Collection			200,000			200,000	Service Support and Delivery
<b>TOTAL COMMUNITY SERVICES COMMITTEE</b>	<b>221,000</b>	<b>13,000</b>	<b>200,000</b>	<b>221,000</b>	<b>13,000</b>	<b>200,000</b>	
<b>POLICY AND FINANCE COMMITTEE</b>							
<b>Energy Efficiency Measures</b>							
Non-Specific Measures to Reduce Energy Consumption in Council Buildings	10,000	10,000		0	0		Service Support and Delivery
Introduction of Photo Voltaic Schemes - Main Offices, Pool, Depot	147,000			0			Service Support and Delivery
<b>IT Services</b>							
Server and Network Infrastructure	25,000			25,000			Service Support and Delivery
<b>Economic Development</b>							Economic Growth and Prosperity
Economic Development Initiatives	100,000			100,000			
<b>TOTAL POLICY AND FINANCE COMMITTEE</b>	<b>282,000</b>	<b>10,000</b>	<b>0</b>	<b>125,000</b>	<b>0</b>	<b>0</b>	
<b>HEALTH AND HOUSING COMMITTEE</b>							
<b>Clitheroe Cemetery</b>							
Installation of Infrastructure	90,000			90,000			Service Support and Delivery
<b>Housing</b>							
Landlord/Tenant Grants	100,000	100,000	100,000	100,000	100,000	100,000	Housing Services
Disabled Facilities Grants	150,000	150,000	150,000	150,000	150,000	150,000	Housing Services
Energy Efficiency Grant	2,000	2,000	2,000	2,000	2,000	2,000	Housing Services
Renewable Energy Source Grants	8,000	8,000	8,000	8,000	8,000	8,000	Housing Services
<b>TOTAL HEALTH AND HOUSING COMMITTEE</b>	<b>350,000</b>	<b>260,000</b>	<b>260,000</b>	<b>350,000</b>	<b>260,000</b>	<b>260,000</b>	
<b>TOTAL OF PROPOSED PROGRAMME</b>	<b>853,000</b>	<b>283,000</b>	<b>460,000</b>	<b>696,000</b>	<b>273,000</b>	<b>460,000</b>	

**SPECIAL POLICY AND FINANCE COMMITTEE  
RESOURCES FOR ORIGINALLY PROPOSED SCHEMES  
FORWARD CAPITAL PROGRAMME 2012/2015**

RESOURCES	Bids as Submitted by Heads of Service		
	2012/13 £	2013/14 £	2014/15 £
<b>Resources Brought Forward</b>			
- Housing Capital Grant - GONW	-41,140		
- Usable Capital Receipts (Unapplied)	-72,690		
- Egovernment	-15,970		
- Capital Reserve Fund	-26,395		
- Proposed addition to Capital Reserve at the end 2011/12	-267,000		
Unsupported Borrowing	-100,000	-100,000	-100,000
Usable Capital Receipts	-25,000	-25,000	-25,000
Disabled Grants	-109,000	-109,000	-109,000
New Homes Bonus	-107,240		
VAT Shelter	-100,000	-100,000	-100,000
<b>TOTAL RESOURCES IDENTIFIED</b>	<b>-864,435</b>	<b>-334,000</b>	<b>-334,000</b>
<b>TOTAL OF PROPOSED PROGRAMME</b>	<b>853,000</b>	<b>283,000</b>	<b>460,000</b>
<b>(SURPLUS RESOURCES TO CARRY FORWARD)/OVER COMMITMENT</b>	<b>-11,435</b>	<b>-62,435</b>	<b>63,565</b>

**NB Minimum level of capital balances in hand is recommended to be £300,000**

**SPECIAL POLICY AND FINANCE COMMITTEE**  
**BUDGET WORKING GROUP RECOMMENDATIONS INCORPORATING BUDGETS MOVED FROM 2011/12**  
**FORWARD CAPITAL PROGRAMME 2012/2015**

EXPENDITURE	Budget Working Group Recommendations				
	2012/13			2013/14	2014/15
	Proposed Budget £	Budget Moved from 2011/12	Total Proposed Budget	Proposed Budget £	Proposed Budget £
<b>COMMUNITY SERVICES COMMITTEE</b>					
<b>CCTV</b>					
CCTV System Data Transmission Pack	14,000		14,000		
<b>Grounds Maintenance</b>					
Replacement vehicle PK06 VWY - Vauxhall Vivaro 2900 DTI LWB Panel Van				13,000	
Gang Mower Replacement - Major TDR16000 Roller Mower	22,000		22,000		
Whalley Moor - Woodland paths and nature trails		20,080	20,080		
<b>Refuse Collection</b>					
Replacement of VX53 TZJ - Dennis 23t RP HGV Refuse Collection Vehicle		165,000	165,000		
Replacement of VX04 FXV - Dennis 23t RP HGV Refuse Collection Vehicle	170,000		170,000		
Refurbishment of body on PN05 PWL - DAF 7t HGV Refuse Collection Vehicle	15,000		15,000		
Replacement of VA57 BBF - Geesink 26t RP HGV Refuse Collection Vehicle					200,000
<b>TOTAL COMMUNITY SERVICES COMMITTEE</b>	<b>221,000</b>	<b>185,080</b>	<b>406,080</b>	<b>13,000</b>	<b>200,000</b>
<b>POLICY AND FINANCE COMMITTEE</b>					
<b>IT Services</b>					
Server and Network Infrastructure	25,000		25,000		
<b>Economic Development</b>					
Economic Development Initiatives	100,000		100,000		
<b>TOTAL POLICY AND FINANCE COMMITTEE</b>	<b>125,000</b>	<b>0</b>	<b>125,000</b>	<b>0</b>	<b>0</b>
<b>HEALTH AND HOUSING COMMITTEE</b>					
<b>Clitheroe Cemetery</b>					
Installation of Infrastructure	90,000		90,000		
<b>Housing</b>					
Landlord/Tenant Grants	75,000	45,000	120,000	75,000	75,000
Disabled Facilities Grants	120,000	69,180	189,180	120,000	120,000
Repossession Prevention Fund		8,560	8,560		
<b>TOTAL HEALTH AND HOUSING COMMITTEE</b>	<b>285,000</b>	<b>122,740</b>	<b>407,740</b>	<b>195,000</b>	<b>195,000</b>
<b>TOTAL OF PROPOSED PROGRAMME</b>	<b>631,000</b>	<b>307,820</b>	<b>938,820</b>	<b>208,000</b>	<b>395,000</b>

**SPECIAL POLICY AND FINANCE COMMITTEE  
PROPOSED RESOURCES FOR FORWARD CAPITAL PROGRAMME 2012/2015**

RESOURCES	Budget Working Group Recommendations				
	2012/13			2013/14	2014/15
	Proposed Budget £	Budget Moved from 2011/12 £	Total Proposed Budget £	Proposed Budget £	Proposed Budget £
<b>Resources Brought Forward</b>					
- Disabled Facilities Grants		-19,180	-19,180		
- Big Lottery (Friends of Whalley Moor Woodland)		-20,080	-20,080		
- Housing Capital Grant - GONW	-41,140	-95,000	-136,140		
- Usable Capital Receipts (Unapplied)	-72,690	-165,000	-237,690		
- E-government	-15,970		-15,970		
- Repossession Prevention Fund		-8,560	-8,560		
- Capital Reserve Fund	-26,395		-26,395		
- Proposed addition to Capital Reserve at the end 2011/12	-267,000		-267,000		
Unsupported Borrowing	-134,860		-134,860	-86,000	-86,000
Usable Capital Receipts	-25,000		-25,000	-25,000	-25,000
Disabled Grants	-109,000		-109,000	-109,000	-109,000
New Homes Bonus	-107,240		-107,240		
VAT Shelter	-132,340		-132,340		-163,000
<b>TOTAL RESOURCES IDENTIFIED</b>	<b>-931,635</b>	<b>-307,820</b>	<b>-1,239,455</b>	<b>-220,000</b>	<b>-383,000</b>
<b>TOTAL OF PROPOSED PROGRAMME</b>			<b>938,820</b>	<b>208,000</b>	<b>395,000</b>
<b>(BALANCE OF RESOURCES TO CARRY FORWARD)/OVER COMMITMENT</b>			<b>-300,635</b>	<b>-312,635</b>	<b>-300,635</b>

**SPECIAL POLICY AND FINANCE COMMITTEE**  
**PROPOSED FINANCING OF FORWARD CAPITAL PROGRAMME 2012/2015**  
**BY CATEGORY OF CAPITAL SPEND**

<b>Financing Based on BWG Recommendations</b>					
<b>Category of Capital Spend</b>	<b>Method of Financing</b>	<b>2012/13 Proposals £</b>	<b>2013/14 Proposals £</b>	<b>2014/15 Proposals £</b>	<b>Total Proposals £</b>
<b>Housing Services</b>	Estimated Housing Capital Pot b/f	-41,140			-41,140
	Borrowing	-44,860	-86,000	-86,000	-216,860
	Government DFG funding	-109,000	-109,000	-109,000	-327,000
<b>Housing Services</b>	<b>Total Financing</b>	<b>-195,000</b>	<b>-195,000</b>	<b>-195,000</b>	<b>-585,000</b>
<b>Service Support and Delivery</b>	Borrowing	-90,000			-90,000
	VAT Shelter	-132,340		-163,000	-295,340
	Capital Receipts	-25,000	-25,000	-25,000	-75,000
	Capital Receipts Unapplied	-72,690	12,000	-12,000	-72,690
	Egovernment reserve	-15,970			-15,970
<b>Service Support and Delivery</b>	<b>Total Financing</b>	<b>-336,000</b>	<b>-13,000</b>	<b>-200,000</b>	<b>-549,000</b>
<b>Economic Growth and Prosperity</b>	New Homes Bonus	-100,000			-100,000
<b>Economic Growth and Prosperity</b>	<b>Total Financing</b>	<b>-100,000</b>	<b>0</b>	<b>0</b>	<b>-100,000</b>
<b>TOTAL</b>		<b>-631,000</b>	<b>-208,000</b>	<b>-395,000</b>	<b>-1,234,000</b>