



Report to: Special Council
Date of Meeting: 2 March 2006
Report from: Director of Resources
Title of Report: General Fund Capital Programme
2006/2007
Agenda Item Number:

1. PURPOSE AND SUMMARY

- 1.1 The report advises Council of the demands on the 2006/07 general fund capital programme and of the available resources and seeks Council's approval to the Executive's capital programme recommendations.

2. CONSULTATION

- 2.1 Corporate Management Team has been consulted on the contents of the report. The Capital Working Group has considered the new bids to the programme.

3. CORPORATE PLAN AND PRIORITIES

- 3.1 Several of the current capital schemes, and the bids to the programme, are aimed at addressing the Council's priorities; these are detailed in section 5 of the report.

4. IMPLICATIONS

4.1 Financial

These are detailed throughout the report.

4.2 Other Services

Clearly the capital programme has an impact on other service areas. These are detailed in section 5 of the report.

4.3 Diversity

The capital programme bid for Disabled Facilities Grant funding has implications for people with disabilities who need adaptations to their homes.

4.4 Risk

It is essential that only available resources are committed; new schemes can only go ahead once the capital resources are in place to support them.

5. **NEW BIDS**

5.1 Appendix A to the report lists all of the non-housing capital programme bids for 2006/07. The Capital Working Group agreed to support the following:-

<u>Leisure</u>	£		
Athletics Track	12,000		
Leisure Centre - Roof Renewal	65,000		
Leisure Centre - Electrical Testing	10,000		
Play Areas	60,000		
 <u>Environmental Services</u>			
Headstones/Footpaths at Cemeteries	120,000		
Sacriston Depot	20,000		
Wheelie Bin Replacement	16,000		
Grass Cutting Equipment	40,000		
 <u>Environmental Health</u>			
Disabled Facilities Grants *	250,000	(gross)) Block sum
Improvement Grants *	300,000) of £710,000
COSY Scheme	160,000)
 * In addition, the authority has been awarded capital grant funding for 2006/07 from the Single Housing Investment Pot (SHIP) of £150,000 for Private Section Housing and £80,000 for Disabled Facilities Grants.			
 <u>Legal and Democratic Services</u>			
Scanner	8,000		
 <u>Regeneration</u>			
Block Sum Provision	477,000		

	£
<u>I.T.</u>	
PC Replacement	30,000
Server Replacement	40,000
Intranet Phase II	20,000
<u>Community Safety and Development</u>	
Careline Alarms	<u>150,000</u>
	<u>1,778,000</u>

5.2 In supporting the above bids, the Capital Working Group noted the following:-

(i) Play Areas

A bid for funding for play areas has been submitted to the lottery fund, depending on the outcome, this may mean that the £60,000 is not required but we will not know until November 2006.

(ii) Improvement Grants

Given the successful outcome of the SHIP2 bid, it may be possible this grant funding may replace some or all of the capital programme bid.

(iii) COSY Scheme

A further report is to be submitted due to changes in the match funding arrangements.

(iv) Regeneration Block Sum

This was actually included in the capital programme when the two year programme was approved in February 2005.

5.3 The Working Group decided that it was also minded to support two of the Leisure bids, should there be sufficient funding, but that these were of a lower priority than the bids listed above:-

Golf Drainage System -	£45,000
Leisure Centre Changing Rooms -	£150,000

- 5.4 The Group requested further information in respect of four of the other bids before it could take a view as to whether these were a priority:-

Land Asset Management System -	£35,000
Replacement Telephone System -	£150,000
Car Parks -	£95,000
Stella Gill Industrial Estate -	£100,000

- 5.6 It is proposed that the Capital Working Group re-consider these bids in the light of the additional information requested.

- 5.7 Finally, the Capital Working Group proposed that the following capital bids should be funded from Planning Delivery Grant:-

DIPS/Workflow for Planning -	£70,000
Corporate LLPG Updates -	£45,000
Planning/Building Control Upgrades -	£5,000

- 5.8 The Director of Development Services has confirmed that there is sufficient unallocated planning delivery grant to fund the above projects.

6. FUNDING

- 6.1 Pooling arrangements introduced by the Local Government Act of 2003 and the Local Authorities (Capital Finance and Accounting) (England) Regulations of 2003 mean that 50% of receipts from the sale of housing land have to be pooled (paid over to the Government) unless they are spent on the authority's own affordable housing and regeneration projects.

- 6.2 The Council has already agreed to use all housing capital receipts to fund its planned affordable housing and regeneration schemes. Housing capital receipts contractually committed, and therefore, guaranteed, amount to £1.4million in 2006/07. £125,000 of the 2006/07 receipt is needed to bridge the shortfall in funding for the 2005/06 regeneration schemes.

- 6.3 The housing capital programme - which is detailed in a separate report on the agenda - requires funding from capital receipts of £2million in 2006/07.

- 6.4 As only £1.275million is currently available for affordable housing and new regeneration schemes, this is the limit of the schemes which can be approved to start at the beginning of the financial year. Other schemes are wholly dependent on the generation of capital receipts from housing asset sales.

- 6.5 As all housing capital receipts are used to fund affordable housing and regeneration schemes, it follows that other general fund schemes are dependent on the sale of other, non-housing, assets. The exception to this being the retained proceeds of Right to Buy receipts, since 75% of all Right to Buy receipts are pooled; the remaining 25% is available to fund all capital schemes.

The retained proceeds from Right to Buy sales in 2006/07 are estimated to be £900,000. The first call on this funding has to be the shortfall in funding available to meet the costs of the 2005/06 capital programme.

The shortfall amounts to £56,000.

7. SUMMARY OF NEW BIDS AND AVAILABLE FUNDING

7.1 Regeneration and Affordable Housing

	£
2005/06 Shortfall	125,000
2006/07 Regeneration Bids	477,000
2006/07 Affordable Housing	<u>2,000,000</u>
	2,602,000
Less available funding (from the sale of housing land)	<u>(1,400,000)</u>
Additional capital receipts needed	<u>1,202,000</u>

7.2 General Fund

	£
2005/06 Shortfall	56,000
2006/07 Bids supported by the Capital Working Group	1,301,000
Less capital grant for disabled facilities grant	<u>(118,000)</u>
	1,239,000
Less available funding (from the retained proceeds of Right to Buy receipts)	<u>(900,000)</u>
Additional capital receipts needed	<u>339,000</u>

7.3 Section 7.1 shows that additional housing capital receipts of £1.202million are needed in order to fund the capital programme for affordable housing and regeneration.

7.4 Section 7.2 shows that additional non-housing receipts of £339,000 are needed in order to fund the bids to the general fund capital programme currently supported by the Capital Working Group.

8. PRIORITISATION

- 8.1 It is proposed that the Executive requires the Capital Working Group to prioritise the schemes put forward for inclusion in the 2006/07 capital programme, including the schemes where further information is needed, and asks the Group to report back to the Executive in April 2006.

9. 2005/06 CAPITAL PROGRAMME

- 9.1 Appendix B summarises the 2005/06 Capital Programme and the projected outturn for each scheme.
- 9.2 There is significant underspending on several schemes; where this is the case it has been assumed that the resources earmarked to fund these schemes will also be carried forward into 2006/07; therefore the funding available to meet the costs of the new schemes is not affected by the requirement to carry forward the 2005/06 schemes.

10. THE EXECUTIVE

- 10.1 The Executive considered the General Fund Capital Programme for 2006/07 at its special meeting on 23 February 2006.

It agreed to:-

- (1) note the projected outturn for 2005/06;
- (2) approve the schemes recommended by the Capital Working Group for inclusion in the 2006/07 capital programme;
- (3) note that the Capital Working Group has requested further information on four of the bids - Land Asset Management systems, Replacement Telephone system, Car Parks and Stella Gill industrial estate - before these can be properly considered;
- (4) note that capital funding available amounts to £1.4 million for affordable housing and regeneration schemes and £900,000 for general fund schemes;
- (5) note that additional capital receipts of £1.202 million are needed to fully fund the affordable housing and regeneration schemes for 2006/07, and £339,000 for general fund schemes;
- (6) only commit currently available funding until further capital receipts are guaranteed.

11. RECOMMENDATIONS

- 11.1 It is recommended that the Council approves the recommendations of the Executive Committee as detailed in section 10.1.

Linda Chambers
Director of Resources
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Contact Details:
Linda Chambers Tel: 0191 3872300
E-mail: [lindachambers@](mailto:lindachambers@chester-le-street.gov.uk)
[chester-le-street.gov.uk](mailto:lindachambers@chester-le-street.gov.uk)