

REPORT OF THE DIRECTOR OF RESOURCES

Portfolio: STRATEGIC LEADERSHIP PORTFOLIO

2007/2008 Interim Capital Programme Review – Incorporating a Neighbourhood Enhancement Programme

1.1 The purpose of this report is to consider changes to the previously agreed capital programme for 2007/08. This is to reflect additional programme priorities and also the need to review schemes and their 'appropriateness' in the light of the Secretary of State's decision to create a single unitary authority in County Durham effective from April 2009.

2. RECOMMENDED

- (a) Cabinet receives the report.
- (b) The revised capital programme for 2007/08 be approved.

3. BACKGROUND

3.1.1 On the 25th July 2007 the Secretary of State for Communities and Local Government announced that County Durham would be one of nine areas where Local Government Reform would proceed and a single unitary council for County Durham would be created and would be operational from April 2009.

3.1.2 In the light of this decision it is felt appropriate that previously agreed spending on capital schemes should be reviewed. This is to assess

- Whether spending on specific schemes or assets is still appropriate given the longer term nature of capital spend and whether it could have an adverse impact on the new authority.
- Whether there are other priorities that now need to be considered earlier than originally planned to ensure that projects are resourced and completed in the lifespan of this authority.

3.2 The Council has previously agreed a total capital programme for the current year of £20m and when brought forward commitments from earlier programmes are added then this increases to £23.91m. The Cabinet Meeting held on the 27th September also agreed to a further £800,000 for Cobblers Hall redevelopment. This is analysed in the following table.

Portfolio	Revised Budget 2007/08 £000
Strategic Leadership	
- ICT	1,599
- Green Lane	350
- Chilton Depot	86
Environment	38
Planning & Development	140
Community Health	84
Leisure & Culture	1,679
Social Regeneration	870
Learning & Development	362
Major Regeneration	8,013
Safer Communities	131
Private Sector Housing	2,418
Contingency Sum	200
Total General Fund	15,970
Council Housing	8,743
Grand Total	24,713

- 3.3 By its nature, capital spend is for longer term projects and is expected to deliver new or enhanced assets or contribute to projects that will deliver longer term efficiencies e.g. ICT projects.
- 3.4 The authority's capital programme is allocated to portfolios and is also classified into regeneration and non regeneration as this determines how it can be funded as specific capital receipts can only be applied to regeneration projects or the social and affordable housing.
- 3.5 As a large proportion of land sales relate to former housing sites, it follows that a large proportion of capital resources need to be diverted into regeneration type projects or 50% of receipts must be returned to central government. The Council has previously made a decision to retain all of its receipts and spend them on regenerating the Borough.
- 3.6 All available non regeneration resources were allocated against the current year programme and the 'resources in hand' are only available for regeneration type schemes.
- 3.7 Therefore, amending the programme in the current year requires original schemes to be withdrawn creating the capacity for new ones to be added. The allocations for ICT and Asset Management spend on the Green Lane Office campus have been reviewed as elements of original planned spend that are now not considered appropriate until at least more is known about the direction the new authority will take regarding the provision of IT and office accommodation. Financing changes to the HRA programme are also included. The following amendments, in terms of withdrawal, are proposed to this years capital programme

	£000
Net Change to ICT programme	371
Net Change to Green Lane Programme	250
Housing Revenue Account Financing Adjustment	74
Total Change to Non Regeneration capital Programme	695

- 3.8 If the changes are agreed then an additional £695,000 of capital resources would be available for reinvestment into additional capital schemes. As we gain a greater understanding about the direction of the Unitary Council proposals both the ICT and Green Lane programmes will be reviewed as apart of the 2008/09 Capital Programme
- 3.9 It should also be noted that the contingency sum has also been reduced to £120,000 from £200,000, this to reflect a slowdown in the receipts of Right to Buy sales in the current year.
- 3.10 This report represents the first stage of changes that will be required to the delivery of plans and priorities in the run up to local government reorganisation. The Chief Executive is currently preparing a Transitional Plan that will present a re-focusing of priorities which will include a full review of the Major Regeneration Capital Programme. A review of the Housing Capital programme is also being undertaken and a further report will follow.

Replacement Schemes

- 3.13 A small number of schemes have been identified at this stage as being appropriate for funding.
- 3.14 Newton Aycliffe Leisure Centre. A full report outlining refurbishment and decoration issues has already been considered and agreed by Cabinet on 27th September 2007 at a total cost of £200,000. Funding for that scheme was to come from a review of current year non regeneration programme.
- 3.15 A longstanding commitment by the authority for the provision of play pitches at Sedgefield has been added in to the programme at a cost of £15,000.
- 3.16 The creation of a fund to enhance the physical fabric of localities within the Borough to be allocated on a Ward basis. The fund will allow Members to respond to long standing areas of concern that their constituents have brought to their attention. This would come together as the Neighbourhood Enhancement Programme and a total of £760,000 is to be set aside. Funding would be a mix of regeneration resources and general resources to reflect the mix of schemes likely to be delivered and to allow for a degree of flexibility within the programme. Some £540,000 would need to be allocated from the regeneration resources for which approximately £4.1m remains uncommitted after this years programme has been financed. The remaining £220,000 would be available from the rationalisation of the non regeneration programme proposed in this report. The anticipated start date of the programme is 1st January 2008 and the target completion date would be 1st January 2009.

- 3.17 Appendix 1 to this report sets out the key principles as to how the scheme will operate and indicates a level of allocation to the 19 wards within the Borough.
- 3.18 If these proposals are agreed a total of £235,000 of general capital resources would be required for the Neighbourhood Enhancement Programme and pitch provision in Sedgefield and this would be met from the £695,000 identified earlier. Cabinet have already approved the Newton Aycliffe scheme and £200,000 will be allocated from the funds made available in this report. A further £540,000 of regeneration resources would also be required, funding which is already available.

4. RESOURCE IMPLICATIONS

4.1 *Human Resources*

No direct implications have been identified

4.2 *Financial Implications*

If implemented then this report will release funding for initial priorities and also leave some resources available for any other priorities that may be identified in this or as part of next year's capital programme

5. CONSULTATIONS

- 5.1 The Chief Executive and relevant heads of service have been consulted in the development of these proposals.

6. OTHER MATERIAL CONSIDERATIONS

6.1 *Links to Corporate Ambitions/Values*

The change in focus on capital spend supports the Council's Corporate Ambitions as it shifts resource from back office functions to more frontline activity. In particular it supports the Council's cross cutting priority of providing greater customer focus as it provides members with a fund to respond to the needs of their communities.

6.2 *Risk Management*

There are some risks of withdrawing funding around operating non supported ICT systems and some general deterioration in the office building at Green Lane.

Both Heads of Service have been consulted on this and agree that risks can be managed and if any urgent need for resources does arise then specific requests will be made.

This is countered by other risks of not delivering some of the commitments made to the public and it is felt that these are more important than the delivery of the previously identified schemes.

6.3 *Health and Safety*

No additional implications have been identified.

6.4 ***Equality & Diversity***
No implications have been identified.

6.5 ***Legal and Constitutional***
No implications have been identified.

6.6 ***Procurement***
No implications have been identified.

7. OVERVIEW AND SCRUTINY IMPLICATIONS

None identified.

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Ward(s):	Proposals are not ward specific
Key Decision Validation:	Expenditure in excess of £100,000
Background Papers:	Revenue and Capital Budgets 2007/2008

Examination by Statutory Officers:

	Yes	Not Applicable
1. The report has been examined by the Council's Head of the Paid Service or his representative.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Council's S.151 Officer or his representative.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Management Team has approved the report.	<input checked="" type="checkbox"/>	<input type="checkbox"/>