

Item No. 5.2	Classification: Open	Date: 6 July 2011	Meeting Name: Council Assembly
Report title:		Capital Strategy and Programme 2011/12 - 2020/21	
Wards or groups affected:		All	
From:		Cabinet	

RECOMMENDATIONS

That Council Assembly:

1. Agree the recommendations of the 21 June 2011 Cabinet for a refreshed 10-year general fund capital programme 2011–2021 of £351m, as detailed in the cabinet report attached as appendix 1.
2. Agree the recommendations of the 21 June 2011 Cabinet for the Housing Investment Programme (HIP) 2011–2016 as detailed in the cabinet report attached as appendix 1.
3. Note the capital strategy included in the Council's Medium Term Resources Strategy agreed by Cabinet on 21 June 2011 (paragraphs 8 to 9).

BACKGROUND INFORMATION

4. On 31 May 2011 the cabinet considered the Housing Investment Programme and Revised Strategy report, the resources available and how these would be used to provide warm, dry and safe homes across the borough. The report described the programme which delivers investment in the Council's own housing stock, both directly through works to dwellings and estates, and through housing related regeneration projects.
5. On 21 June 2011 the Cabinet considered a report on the Council's Capital Programme 2011–2021. A copy of the report is attached (appendix 1) and the full decision is set out below:
 - That the refreshed 10-year general fund capital programme 2011–2021, as detailed in appendices A and F of the report be agreed for recommendation to council assembly to be held on 6 July 2011.
 - That the Housing Investment Programme 2011–2016 as detailed in appendix B of the report be agreed.
 - That the application of New Homes Bonus over the period to 2016/17 to finance the capital programme be agreed.
 - That the application of the Local Public Service Agreement (LPSA) Reward Grant to finance the capital programme be agreed.

- That the refreshed capital programme for 2012-22 be formally reported to cabinet in February 2012 to ensure council priorities continue to be met and following announcement of the successful Olympic legacy bids

KEY ISSUES FOR CONSIDERATION

6. The proposed general fund capital programme 2011 - 21 has been updated in line with new and emerging priorities, latest information on existing projects and current estimates of resources. It proposes a total programme of expenditure of £351.0m with projected funding of £414.8m. Within this there has been some £70m of new additions to the programme including;
 - i) major works to roads,
 - ii) a new leisure centre and improvements to existing centres,
 - iii) projects to deliver an Olympic legacy,
 - iv) creation of new places and improvements in local primary schools
7. The HIP proposes a total capital programme of expenditure of £416m over the five years to 2015/16. Possibilities to increase resources for the programme are being explored, including increasing the level of disposals, S106 developer contributions, and the recent bid for government decent homes backlog funding. While the outcome of this bid was disappointing, and clarification is needed as to how funding would be made available, any increase in resources above current assumptions will be used to bring forward the planned programme in line with its existing priorities.

Capital Strategy

8. The proposed capital programme has been based on the updated medium term resources strategy (MTRS) approved by cabinet on 21 June 2011. The MTRS provides a framework of underlying principles by which resources are managed and allocated across the Council. Each key resource is managed centrally within the Council and has a specific strategy in place. Finances are covered by the financial management and control strategy which sets out the financial principles of the Council and the remit within which it plans its business. Contained within the financial management and control strategy section of the MTRS is the Council's capital strategy.
9. The key features of the capital strategy are:
 - To incorporate major strategic projects in the mainstream capital programme.
 - To exploit opportunities afforded through the regeneration programme, including setting a target for capital receipts from regeneration projects to support the Council's future capital programme.
 - To profile capital schemes realistically over their lifetime and apply full whole life costing principles to all major capital projects including investment and disposal decisions.
 - To establish over the medium term sufficient lifecycle maintenance provision for the Council's fixed assets where the assets are essential for service delivery and it is cost effective to maintain them in line with the Council's asset management plans.
 - To review uncommitted budgets within the existing approved capital programme annually and reprioritise as necessary.

- To identify, review and select the most appropriate procurement strategies and partnerships arrangements (where appropriate) for all major capital projects.
- To maximise and accelerate the programme of capital receipts ensuring best consideration and due regard to service provision, in line with the asset management strategy and to obtain best value from the disposal.
- To maximise use of planning gains and associated benefits in accordance with agreements and strategic priorities, by prioritising the use of external grants and planning gains ahead of corporate receipts.
- To pool corporately all capital receipts without any specific earmarking unless so directed by the cabinet.
- To build and maintain a capital contingency reserve (£5m) to fund urgent and unavoidable works, including health and safety and DDA works – release of these funds to be subject to the prior approval of the Finance Director in consultation with the Cabinet Member for Finance, Resources and Community Safety.

Community Impact Statement

10. The community impact statement is set out in the report at Appendix 1.

Consultation

11. Consultation on the overall programme has not taken place. However, each of the individual projects are subject to such consultation as is required or desirable when drawing up the schemes. Some of these will be more extensive than others, for example projects with an impact on the public realm. Some projects, such as those funded by grant or s106 may require consultation with those providing funding.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

12. Under the constitution the council assembly must agree the capital strategy and programme at least once every four years, ensuring effective financial control and the achievement of value for money, within the provisions of financial standing orders.
13. The Capital Programme 2011/12 to 2020/21 satisfies the council's duty under the Local Government Act 1999 which requires it to make arrangement to secure the continuous improvement in the way its functions are exercised, by having regards to the combination of economy, efficiency and effectiveness.
14. Section 106 funding while being a capital receipt can only be used for specific purposes detailed in the legal agreement.
15. By agreeing the recommendations in the report the council assembly will demonstrate that it has made adequate arrangement for the proper administration of the council financial affairs.

BACKGROUND INFORMATION

Background Papers	Held At	Contact
See Appendices		

APPENDICES

No.	Title
Appendix 1	Cabinet report (21 June 2011) capital programme 2011–2021

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Finance Director	
Report Author	Cathy Doran, Finance and Resources Sue Emmons, Finance and Resources	
Version	Final	
Dated	23 June 2011	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member(s)	Yes	Yes
Date final report sent to Constitutional Team	23 June 2011	