

APPENDIX A.2

WAVERLEY BOROUGH COUNCIL

COUNCIL MEETING – 24 FEBRUARY 2009

REPORT OF THE EXECUTIVE – 10 FEBRUARY 2009

FINANCIAL STRATEGY 2009/2010 – 2011/2012

DRAFT CAPITAL PROGRAMME 2009/10

Introduction

1. The draft Capital Programme for 2009/10 was first presented to the Executive on 6th January 2009 and to the Overview and Scrutiny Committees for consideration at their January meetings.

2008/2009 Capital Programme

2. The original 2008/2009 Programme totalled £5,382,400, with the approved slippage of £613,200 increasing this to £5,995,600. Approval was also given to the Programme being increased by £185,000 to allow the Holloway Hill MUGA project to proceed. Schemes totalling £129,325 have been approved in the second half of the year, to be paid for from savings reported at Capital Monitoring. During the year, various forms of partnership and external funding have been obtained to undertake additional capital works. It is necessary for the Programme to be increased to reflect this because Waverley is responsible for accounting for the expenditure. The additional amounts included are:
 - (i) Careline Equipment – additional £10,000,
 - (ii) Client Rolling Programme – additional £30,000,
 - (iii) Northbourne Estate Play Area - £22,000 contribution,
 - (iv) Summerlands path resurfacing – additional £7,000.
3. Holloway Hill MUGA increase of £15,000 - to reflect extra external funding
Aarons Hill Skate Park £50,000 – fully externally funded
Local Housing Allowance Software £18,000 - met from Government Grant
Government Secure Communications £10,000 – met from Government Grant
4. At its meeting on 10 February the Executive approved the inclusion in the 2008/2009 Programme of the following amounts totalling £69,000, to be met from savings in 2008/09:
 - (i) Careline Equipment – additional £10,000,
 - (ii) Client Rolling Programme – additional £30,000,
 - (iii) Northbourne Estate Play Area - £22,000 contribution,
 - (iv) Summerlands path resurfacing – additional £7,000.

These schemes have now been included in the Capital Programme at Annexe 13.

Draft 2009/2010 Capital Programme

5. The draft 2009/2010 Capital Programme is based on the three-year Capital Projection as agreed within the existing Financial Strategy. It also includes

any planned slippage from 2008/2009 where this is likely to occur. An indication of the likely slippage has been identified in the Budget Monitoring reports.

6. The 2009/2010 Capital Programme as proposed by the Executive amounts to £5,569,800. This is shown in detail at Annexe 13.
7. The Council has previously agreed as part of its Financial Strategy that demands on the Council's limited available capital funds are as follows. All capital schemes ultimately improve services to the community but, inevitably, some must take priority over others.

Statutory requirements

- Health & safety schemes
- Disabled Facilities Grants
- Disabled Discrimination Act (DDA) Grants

Previously committed obligations

- Schemes that deliver the Leisure Strategy: i.e. leisure centre improvements
- Farnham Maltings grant – balance of commitment made in 2002

Other discretionary spending on services not yet committed (in order of priority)

- Schemes that maintain an income stream or reduce revenue costs: e.g. car park resurfacing
- Maintaining the Council's assets
- Maintaining services eg playground replacement
- I.T. initiatives to improve customer service: e.g. developing the website
- Partnership funding and other service developments

Prioritisation

8. Initial bids for the 2009/10 Capital Programme totalled £6,398,500. Of this £3,686,000 represented the agreed Leisure Strategy, for which funding has previously been agreed; £570,800 was in respect of external funding for projects; with the discretionary element of the Programme funded from Waverley's resources comprised of bids totalling £2,191,700.
9. In most years some extent of prioritisation is necessary to match the amount available to fund the discretionary element of the Programme. This year Heads of Service were set a more ambitious target in order to provide some flexibility in the overall Budget Strategy for 2009/10; particularly if it was not possible to make the full £1.6m revenue contribution to capital from the General Fund given the financial pressures. The prioritised discretionary Programme put forward by Heads of Service and the Corporate Management Team totalled £1,268,400. The Executive agreed this prioritisation, subject to the removal of £51,400 relating to Marquee Theatre Space, as it concurred

with the view of the Corporate Overview and Scrutiny Committee that this was not a priority item in the current financial climate.

Three-Year Capital Programme

10. The new three-year Capital Programme includes the years to 2011/2012 and schemes proposed accord with Waverley's Capital Strategy.

Observations from Overview and Scrutiny Committees

The following observations are those of the Overview and Scrutiny Committees:

Community Overview and Scrutiny Committee

The Committee RESOLVED that the draft Capital Programme for 2009/2010 be noted with no particular observations to be passed to the Executive.

ELOS

The Committee RESOLVED that the draft Capital Programme for 2009/2010 be noted and that the following observations should be passed to the Executive for consideration:

- The Committee was concerned about the amount of money being spent on Headstone Risk assessments but noted that completing these was a statutory requirement.
- The Committee noted the suggestion to purchase two carbon pool cars for staff use (over the next two years) but felt more should be done and other options considered. Members noted that this proposal was a pilot scheme and if it were to prove successful could be extended to help reduce the need for parking in Central Godalming.
- The Committee raised concerns relating to purchase of the Marquee Theatre Space. Officers advised that the purchase would provide some future revenue income.
- The Committee noted that the £47,000 from Farnham Maltings would go towards essential refurbishment of the building. It was a phased approach over the next 5 years and officers would expect reduced capital expenditure in future years.

Corporate Overview and Scrutiny Committee

The Committee RESOLVED that the Draft Capital Programme for 2009/2010 be noted and that the following observations should be passed to the Executive for consideration:

- o The Committee questioned the need for Marquee Theatre Space as a priority item in such a difficult financial climate.

- The Committee noted that new guidance had been published advising a sensible approach to assessing the safety of memorial stones and the risk they present to the public, and questioned whether there was scope to review the budget for Headstone Risk Assessment downwards in light of this.

The Committee was concerned that Waverley should work with the Town and Parish Councils to avoid any duplication of planned expenditure on areas such as bus shelter replacement.

Resources Available 2009/2010 – 2011/12

11. As shown at Annexe 14, resources are available to finance the prioritised draft 2009/10 Capital Programme. The balance of some £400,000 could be regarded as available for future capital purposes, or could result in reduced revenue contributions as part of the Budget Strategy for 2009/10. This balance will be helpful going forward to fund emerging high priority schemes such as the works being considered at East Street.
12. At this stage, projected resources also cover the full three-year Capital Programme to 31 March 2012.

Revenue Reserve Fund

13. Detailed projections for the Revenue Reserve Fund are shown in the Revenue Budget report.

Prudential Borrowing

14. The Council's approved Leisure Procurement Strategy involves Prudential Borrowing of £5m for improvements to Farnham, Godalming and Cranleigh Leisure Centres. In practice, the decision to undertake Prudential Borrowing will be subject to revision nearer the time, taking account of prevailing interest rates, income streams and the extent of internal funding available. On 16th December the Council took the decision to redirect the resources previously allocated for refurbishment of Godalming Leisure Centre to the construction of a new centre at Godalming. The Capital Programme has been amended accordingly.

Conclusion

15. The financing proposals at Annexe 14 show that the Programme as submitted for approval is within the resources available for the three years 2009/2010 to 2011/12.
16. The Executive

RECOMMENDS that:

- 16. the 2009/10 General Fund Capital Programme as shown at Annexe 13 be approved;**

- 17. the amendments to the 2008/2009 General Fund Capital Programme as shown in the '2008/2009 Total Programme' column at Annexe 13 be approved;**
- 18. the financing proposals for 2009/10 in accordance with Annexe 14 be agreed; and**
- 19. the Financial Strategy be amended to reflect the above decisions.**

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