

APPENDIX A.3

WAVERLEY BOROUGH COUNCIL

COUNCIL MEETING – 15 FEBRUARY 2011

REPORT OF THE EXECUTIVE - 25 JANUARY 2011

FINANCIAL STRATEGY 2011/2012 – 2014/2015

CAPITAL PROGRAMME 2011/2012

Introduction

1. The draft Capital Programme for 2011/12 was presented to the Overview and Scrutiny Committees for consideration at their January meetings. Each year, the Council reviews its three-year Capital Programme and in particular agrees the provisions to be included within the Budget for the year ahead. The overall parameters for the Capital Programme are set out within the Council's Financial Strategy. The Capital Programme proposals for 2011/2012, as supported by the Heads of Service and the Corporate Management Team, are attached for consideration at Annexe 13.

Draft 2011/2012 Capital Programme

2. The proposed 2011/2012 Capital Programme amounts to £5,772,270 as shown at Annexe 13. This Programme includes the new Godalming Leisure Centre (estimated at £3.8m in 2011/12). In addition the Housing Orchard Software Upgrade at £28,100 is included to be financed from HRA resources.
3. The 'External Funding' column covers those schemes, or the portion of schemes, that are funded externally through grants, contributions and Section 106 agreements.

Revenue Projects

4. As explained during the Budget process last year, accounting rules now require that some expenditure previously included within the Capital Programme is classified as revenue expenditure. All such items are now shown as revenue projects within the appropriate Revenue Estimate sheets and are not included within the annexes to this report.

Prioritisation

5. In most years, some extent of prioritisation is necessary to match the amount available to fund the discretionary element of the Programme. This year the Heads of Service, Corporate Management Team and Star Chamber have jointly agreed the Programme put forward to Committees, based on initial bids and resources available.

6. The element of the proposed Programme to be funded from Waverley's General Fund resources totals £1,347,870. This compares with the £1.1m contribution to Capital within the draft Revenue Budget, in line with previous years, and the Godalming Leisure Centre Green Energy Initiative £147,370 agreed by the Council in December. The shortfall in funding of £100,000 arises from the likely additional requirement for Disabled Facilities Grants (DFGs) to be met from Waverley's own resources in 2011/2012. In view of the additional requirement for DFGs, it is proposed that no provision be included for Private Sector Renewal Grants in 2011/2012 and that applicants be redirected towards alternative providers. Waverley is seeking additional Government funding, but at the time of writing this report the allocations have not been announced. *The Executive recommends that for 2011/2012 an additional revenue contribution of £100,000 be made to cover the extra requirements for DFGs.*

Three-Year Capital Programme

7. The full three-year Capital Programme including the years to 2013/2014 and the current year is shown in detail at Annexe 13.

Resources Available 2011/2012 – 2013/2014

8. Annexe 14, shows the proposed financing of the Capital Programme reflecting the recommendations of the Executive, taking into account the additional revenue contributions towards DFGs and the revised Leisure Strategy financing proposals.
9. At this stage, projected resources cover the full three-year Capital Programme to 31st March 2014.

Revenue Reserve Fund

10. Detailed projections for the Revenue Reserve Fund are shown in the Revenue Budget report in Annexe 7 to Appendix A.2.

Borrowing

11. The latest borrowing proposals are detailed in Annexe 4 to Appendix A.1.

Conclusion

12. The financing proposals in Annexe 14 show that the Programme is within the resources available for the three years 2011/2012 to 2013/2014.

Observations from Overview and Scrutiny Committees

Community Overview and Scrutiny Committee

- i. Careline Equipment – members wished to recommend that this level of funding be retained.
- ii. Tackling Fuel Poverty in Waverley (SHIP) - members wished to recommend that this level of funding be retained.

- iii. House Renovations Grants (Disabled Facilities) – members noted that the demand for this essential service had increased. There was a current peak in demand due to Surrey County Council clearing a backlog of assessments and this would have a knock-on effect into Waverley's costs for the current year and 2011-12. Officers expect a more normal pattern of demand after 2011-12 although due to a significantly ageing and more frail population, demand is unlikely to diminish. Therefore a large increase in the budget for 2011-12 was proposed in order to manage the peak in demand.

Members discussed whether this service could be managed more cost effectively, including partnership working with Guildford BC. Although members considered this figure to be high, they agreed it was an essential service that needed to be maintained.

Environment and Leisure Overview and Scrutiny Committee

The Committee asked if the restoration of the damaged brickwork at the Maltings could be deferred for a year. Members were advised that this was part of some long-standing partnership funding and that deferring work could lead to an increase in costs. Members suggested that this amount and the timing of granting capital funding be reviewed.

Corporate Overview and Scrutiny Committee

Members noted the resolution of the Council in December 2001 to agree in principle to match fund on a 1:2 basis with Farnham Maltings specific capital projects, up to a maximum Waverley contribution of £750,000. A potential Waverley liability of over £300,000 remained outstanding. It was noted that no time limit had been put on the arrangement when it was agreed in December 2001, but members felt that it would not be unreasonable, after 10 years, to put an expiry date on Waverley's commitment to give greater capacity going forward. Members suggested that the Executive should review the arrangement with Farnham Maltings, and consider imposing an expiry date of 5 years hence.

14. The Executive accordingly

RECOMMENDS that

10. **the amendments to the 2010/2011 General Fund Capital Programme be approved, as shown in the '2010/2011 Total Programme' column at Annexe 13;**
11. **the 2011/12 General Fund Capital Programme be approved, as shown at Annexe 13;**
12. **the financing proposals for 2011/12 be agreed, in accordance with Annexe 14; and**
13. **the Financial Strategy be amended to reflect the above decisions.**