

## APPENDIX A.2

### WAVERLEY BOROUGH COUNCIL

#### COUNCIL MEETING – 21 FEBRUARY 2012

#### REPORT OF THE EXECUTIVE - 7 FEBRUARY 2012

#### FINANCIAL STRATEGY 2012/2013 – 2015/2016

#### CAPITAL PROGRAMME 2012/2013

##### Introduction

1. The draft Capital Programme for 2012/13 is being 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 2012/2013, as supported by the Heads of Service and the Corporate Management Team, are presented for consideration.

##### Detailed Capital Sheets

2. This year a separate booklet containing Capital Programme proposals together with the Revenue Budget Summary and all the detailed Estimate pages is being circulated to all Members, who are requested to bring this to all Budget meetings that they are due to attend.

##### Draft 2012/2013 Capital Programme

3. The proposed 2012/2013 Capital Programme amounts to £5,034,640 as shown within the separate budget booklet and is also copied as Annexe 1 to this report. This Programme includes £1,850,000 to cover the completion of the new Godalming Leisure Centre. It also includes an indicative figure for the commencement of works to improve the Herons Leisure Centre at Haslemere.
4. For 2012/13 total external funding is estimated to be £352,430, leaving £4,682,210 to be met from Waverley's own resources.

##### Details of Schemes

5. In order to assist Members with consideration of the draft Programme, details of the schemes are also shown within the booklet. These are in the form of the Justification Statements completed by the Heads of Service to support the bids submitted.

## **Revenue Projects**

6. Accounting rules require that some expenditure included within the Capital Programme previous to 2010/11 be 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**

7. 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.
8. The full three-year Capital Programme including the years to 2014/2015 and the current year is shown in detail within the booklet distributed to all Members.

## **Resources Available 2012/2013 – 2014/15**

9. The core funding for Waverley's General Fund Capital Programme is from Revenue Contributions, via the Revenue Reserve Fund. For several years the base amount provided each year has been £1.1m, plus any supplementary funding agreed when resources allow; such as for the Leisure Strategy.
10. With the continuing pressure on the revenue Budget, this year the emphasis of the budget strategy is in achieving savings in forthcoming years. 'Invest to Save' schemes remain a priority to deliver the increasing savings required from 2013/14 onwards.
11. The Budget proposals include increasing the Contribution to Capital from the Revenue Budget to £2m for 2012/13 in order finance 'Invest to Save' schemes. The current projections show that there is scope for an additional Contribution to Capital to also be made in 2013/14, albeit at a lower level than 2012/13 (see paragraph 48)
12. Total Revenue Contributions made available via the Revenue Reserve Fund amount to £2.87m, comprising the £2m mentioned above, £222,000 from the 2012/13 Council Tax Freeze Grant and £648,000 from the New Homes Bonus as explained in the Revenue Budget report.
13. As shown at Annexe 2, resources available are sufficient to finance the proposed 2012-13 Programme.
14. At this stage, the indicative additional contribution that should be available from the Revenue Budget in 2013-14 is £500,000, leaving an overall shortfall of a further £500,000 being required to enable the programme for that year to be financed in full. This £500,000 could be achieved from further revenue savings, use of the Revenue Reserve Fund balance, additional capital receipts, or from attracting external funding. Alternatively, some schemes could be delayed.

15. For 2014-15 spending requirements are at an early stage, as is the resource situation. However, it is intended to deliver 'Invest to Save' projects during the earlier years in order to bring revenue savings on stream as soon as possible. The overall Programme should therefore reduce to base levels from 2014-15 onwards.

### **Revenue Reserve Fund**

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

### **Conclusion**

17. The financing proposals at Annexe 2 show that the draft Programme is within the resources available for 2012/2013. The full three-year Programme is also achievable, taking account of the revenue savings likely to be achieved in 2013-14, the external funding sought, and could be underwritten from the Revenue Reserve Fund.
18. The Programme will be subject to final approval by Council on 21<sup>st</sup> February
19. The Executive

### **RECOMMENDS**

- 6. approval of the 2012/13 General Fund Capital Programme in the sum of £5,034,640; and**
- 7. the financing proposals for 2012/13, be agreed in accordance with Annexe 2.**