

APPENDIX B.3

WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 25 JANUARY 2011

Title:

FINANCIAL STRATEGY 2011/2012 – 2014/2015 DRAFT CAPITAL PROGRAMME 2011/2012

[Wards Affected: All]

Summary and purpose:

The report puts forward proposals for the draft 2011/2012 Capital Programme in respect of the General Fund services for consideration by the Executive. The purpose of this report is to agree the final recommendation to Council regarding the General Fund Capital Programme for 2011/2012. The report contains observations from the Overview and Scrutiny Committees (to follow).

How this report relates to the Council's Corporate Priorities:

The Council has a set of specific Capital Priorities, the Capital Programme proposed supports these priorities.

Equality and Diversity Implications:

There are no direct equality and diversity implications as a result of the recommendations of this report.

Resource/Value for Money implications:

Resource implications are contained throughout the report.

Legal implications:

There are no direct legal implications as a result of the recommendations of this report.

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 1.

Draft 2011/2012 Capital Programme

2. The proposed 2011/2012 Capital Programme amounts to £5,772,270 as shown at Annexe 1. 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.

Details of Schemes

4. In order to assist the Executive with consideration of the draft Programme, details of the schemes are shown at Annexe 2. These are in the form of the Justification Statements completed by the Heads of Service to support the bids submitted.

Revenue Projects

5. 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

6. 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.
7. 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 2011-12. In view of the additional requirement for Disabled Facilities Grants, it is proposed that no provision be included for Private Sector Renewal Grants in 2011-12 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. If, as seems likely, additional grant is not allocated to Waverley, the Council may either:
 - a. reduce the provision for DFGs within the Capital Programme;
 - b. allocate additional resources from reserves to cover the shortfall; or
 - c. reduce the Programme elsewhere.

Three-Year Capital Programme

10. The full three-year Capital Programme including the years to 2013/2014 and the current year is shown in detail at Annexe1.

Resources Available 2011/2012 – 2013/14

11. As shown at Annexe 3, there is currently a shortfall in resources available to finance the draft 2011/12 Capital Programme. This arises from the increased requirement for DFGs, without matching Government support.
12. At this stage, projected resources do cover the full three-year Capital Programme to 31st March 2014.

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 within the maximum of £7m to complete improvements to Farnham and Cranleigh Leisure Centres and in particular the construction of a new Leisure Centre at Godalming. Around £1.7m is currently scheduled to be undertaken during 2010/2011, with a further £2.8m during 2011/2012. The Star Chamber proposal for Capitalisation of HRA debt also involves borrowing and officers are currently examining whether there would be an advantage to the Council if these areas were linked.

Conclusion

15. The financing proposals at Annexe 3 show that the Programme is broadly within the resources available for the three years 2011/2012 to 2013/2014, apart from the extra resources required for DFGs.
16. The Programme will be subject to final approval by Council on 15th February

Recommendation

The Executive recommend that Council:

1. approves the amendments to the 2010/2011 General Fund Capital Programme as shown in the '2010/2011 Total Programme' column at Annexe 1;
 2. approves the 2011/12 General Fund Capital Programme as shown at Annexe 1;
 3. agrees the financing proposals for 2011/12, in accordance with Annexe 3; and
 4. amends the Financial Strategy to reflect the above decisions.
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Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

CONTACT OFFICERS:

Name: Brian Long

Telephone: 01483 523253

E-mail: brian.long@waverley.gov.uk

Name: Paul Wenham

Telephone: 01483 523238

Email: paul.wenham@waverley.gov.uk

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