

Cabinet

18th March 2010

Report of the Chief Executive

ITEM 7 Capital Plan Amendment Report

Purpose of the Report

This report requests Cabinet to consider changes to the 2009/10 to 2011/12 Capital Plan, and its financing, prior to approval by Council and includes changes up to 24 February 2010.

Recommendation

That Council is recommended to approve the current Capital Plan for 2009/10 to 2011/12 in the sum of £33,347.1k.

Reason

To enable the Capital Plan to be the basis for capital spending by the Council and so that schemes may proceed.

Policy Context

The Capital Plan is an integral element of all policies.

Background - Capital Plan

Since the last Capital Plan Amendment Report in December 2009 a number of amendments and additions to the Capital Plan have been put forward. These changes have affected the overall total and the funding of the Plan, and are set out in Appendix I. This report summarises these changes and, if approved, becomes the current Capital Plan for 2009/10 to 2011/12.

The net effect of these changes on the 2009/10 Capital Plan are as follows:

2009/10 Capital Plan	£'000
2009/10 Capital Plan as at 17 December 2009	13,650
Fully funded new/amended schemes	793
Slippage/Amended schemes	(1,841)
Amended 2009/10 Capital Plan	12,602

	£'000
Funded by:	
General Fund:	
Capital Receipts	450
Grants and Contributions	3,476
Contributions from Revenue, LABGI and Reinvestment Reserve	101
Funding brought forward from 2008/09	9,027
Total General Fund	13,054
HRA:	
MRA for 2009/10	3,736
Capital Receipts	700
Borrowing for new HMS System	25
Grants and Contributions	472
Total HRA	4,933
Total Funding	17,987
Potential Funding Available for carry forward to 2010/11	5,385

The balance to be carried forward is required to fund the 2010/11 Capital Plan and at present the remaining plan to the end of March 2012 will be adequately funded through the use of the above sources of finance and a draw down of other usable Capital Receipts.

However, should three potential disposals not proceed the Capital Plan could have a shortfall of over £267k at the end of March 2012. Whilst it is envisaged that these disposals will proceed, the situation will be kept under review and potential actions will be put forward if necessary. In addition, based on current trends for sales of council houses and other receipts the non-MRA Capital Plan for the two years starting 1 April 2012 would only have general funding of £1.5m, excluding any specific grants. This would be the lowest level of available funding for many years and the Council's future revenue position is susceptible to government cuts and would not provide much scope for Prudential Borrowing. Whilst there is some Section 106 funding this is not for general use and has to be matched to specific schemes, normally encompassing both the locality and activities to be covered, that fulfil the criteria.

Details of the decisions and amendments are listed on the attached Appendix 1 and the current Capital Plan, including the changes in Appendix 1, is included at Appendix 2 (both appendices to follow).

Further Information on Major Changes Requested

- Southfields Insulation Upgrade, £15k – this is from the major repairs budget and is to improve the level of insulation at the Southfields offices in order to save energy costs.
- Loughborough Eastern Gateway, £496k – this is to align the scheme to the various funding streams and works required.
- Southfields Park – removal of air raid shelter, £16k – this old shelter had become unstable and unsafe so it is being removed and is funded from the major repairs budget.
- Old Magistrates Court, £240k – this reflects the full cost of the scheme and is funded by external contributions from prospective tenants, use of energy saving funds, a transfer from the Beehive Lane car park scheme and the major repairs budget. The majority of work on this scheme will now take place in 2010/11 and £465k is being slipped to reflect this.
- St Peter’s Court Syston and Lonsdale Road Thurmaston, £53k – these schemes are part of the Town and Village Regeneration project and are funded from LABGI and a contribution from Leicestershire County Council.
- HRA Kitchen & Bathrooms, Major Adaptations and Tenants Bids, £195k – these are being slipped to 2010/11 as the former requires extra electrical work to be carried out on the Queens Road flats, the adaptation is in respect of a house extension and the latter is due to consultation still being completed.
- Barkby Brook Improvements, £26k – the remainder of this scheme is still awaiting Environment Agency approval and the work will now take place next year.
- Thurmaston Playing Fields Remedial Work, £20k – it is expected that this work will now commence in May 2010.
- Mitchells Field and Junior Pitches Anstey, £167k – the Parish Council have still to notify us of the work that will be required.
- Nanpanatan Sports Ground, £372k – this is awaiting the outcome of a bid to Sports England which may then lead to further bids being submitted.
- Play Area Improvement Scheme, £57k – the results of two bids for external funding are still awaited.
- Green Flag Parks, £70k – this primarily relates to work on a park in Quorn and is in line with the timetable for that scheme.
- Southfields Park Playbuilder, £50k – waiting for Leicestershire County Council funding approval.
- Regional Housing Pot, £30k – this is demand led and ring fenced so needs to be slipped as there are insufficient applications in the current year.
- Rothley Lodge Wildlife Area, £55k – this scheme still requires the transfer of the land under a S.106 agreement.
- New Build Council Houses, £17k – this is to move a commuted sum which will now be used for the new council houses following approval of the council’s bid for funding. Similarly, the budget for 2010/11 has been amended to reflect the full cost of the scheme.

- Enabling Grants, £300k – this amount is being slipped to 2010/11 to provide additional resources next year for use on disabled adaptations and other similar works, with the precise uses still to be agreed.

Financial Implications

The financial implications of the recommendations are covered in the body of this report.

Risks

Risks Identified	Likelihood	Impact	Risk Management Actions Planned
Insufficient funding	Medium	High	The funding of the Capital Plan is regularly monitored and any apparent shortfalls are brought to the attention of the Leadership Group and Cabinet with suggested solutions.
General Risks associated with capital expenditure	Medium	Medium	The Capital Plan is controlled through Project Boards for larger schemes and Project Officers for smaller schemes. Progress, risks and possible problems are notified to these boards and to the Capital Programme Team for all projects of £50k or more. Such risks are identified and dealt with and reported as necessary to Cabinet, Leadership Group and Performance Scrutiny Committee.

Scrutiny Committee:

Performance Scrutiny Committee

Key Decision:

No

Background Papers:

Minutes of Cabinet Meetings
Capital Plan Files – Accountancy Section

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