

REPORT TO EXECUTIVE

PORTFOLIO AREA: FINANCE AND RESOURCES

Date of Meeting: 6 February 2003

Public

Key Decision: Yes

Recorded in Forward Plan:

Yes

Inside Policy Framework

Title: ESTIMATED CAPITAL RESOURCES AND CAPITAL BIDS 2003/04 TO 2005/06

Report of: The Head of Finance

Report reference: FS7/02

Summary:

This report provides an update to FS4/02 which was considered by the Executive on 19 December. It estimates available capital resources in 2003/04 to 2005/06 together with a summary of capital bids against those resources. It also reports on the revised Capital Programme for 2002/03.

Recommendations:

It is recommended that the Executive:

- i. Approves the revised capital programme for 2002/03 as set out in Appendices A and B for recommendation to Council;
- ii. Notes the estimated level of capital resources in 2003/04 to 2005/06;
- iii. Approves expenditure of £768,000 in respect of renewal of vehicles and plant;
- iv. Indicates which further capital bids it would wish to prioritise for 2003/04 for recommendation to Council on 17 February 2003;
- v. Confirms that capital schemes may only proceed after a full report, including a financial appraisal, has been approved by Council.

Contact Officer: David Steele

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Note: In compliance with Section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: Various reports considered by the

executive as part of the budget process. Government announcement of BCA received 10th
December 2002

CITY OF CARLISLE

To: The Executive FS7/02

6 February 2003

ESTIMATED CAPITAL RESOURCES AND CAPITAL BIDS 2003/04 TO 2005/06

1. INTRODUCTION

1. This report considers:

- The projected out-turn on the 2002/03 Capital Programme
- The prospective capital allocations (i.e. borrowing and capital grants) and other anticipated capital resources for 2003/04
- The bids for the 2003/04 Capital Programme

in order to determine the estimated total capital resources available to the Council in 2003/04.

1. Currently (but see paragraph 1.3) Local Authorities have four main ways of financing capital expenditure:

- Borrowing (and other forms of credit) within limits set by the Government
- Capital Grants
- 'Usable' Capital Receipts (from sale of Council assets)
- Revenue resources including Capital Funds established from revenue balances and the Renewals Reserve.

1. Prudential Code

(i) The new Local Government Bill that was announced in the recent Queen's speech will include a new framework for capital investment by local authorities. Potentially this could be the most radical change in local government capital finance for decades as it will allow a new and more flexible approach to the provision and maintenance of capital assets.

- ii. A cornerstone of the new framework will be the Prudential Code which CIPFA is presently developing in conjunction with both central government and the local authority associations. Under the Code, local authorities will be able to develop their own programmes for investment in fixed assets, based upon what they and local taxpayers can afford.

(iii) Much of the detail pertaining to the new system remains to be resolved although it could come into operation as soon as April 2004. Fuller reports on this issue will be brought to the Executive as and when appropriate but members may wish to note that it is likely to have implications for the future funding of the City Council's capital programme.

2. CAPITAL PROGRAMME 2002/3 (REVISED)

1. General Fund including Private Sector Housing.

As part of the suite of 2001/02 Outturn reports presented to the Executive during the summer, an updated General Fund Capital programme for 2002/03 was approved totalling £2,789,880. To this must be added the Private Sector HIP for 2002/03 which totals £994,000, resulting in a total programme of £3,783,880. **Appendix A** to this report sets out the revised General Fund capital programme for 2002/03 in the light of the latest forecast of current commitments in this financial year together with the anticipated use of capital resources.

2. Public Sector Housing (HRA)

The transfer of the City Council housing stock to Carlisle Housing Association on 9 December 2002 effectively ends this authority's role as a social housing landlord with the exception of some hostel provision. However the City Council has retained ownership of the land at Raffles that is to be redeveloped as part of the Raffles Area Strategy proposals. The City Council at its meeting on 3 December 2002 has already approved a revised Public Sector HIP in terms of the resources to be committed in 2002/03 (FM 2002/03 No. 88). These resources will be utilised to both fund expenditure incurred prior to 9 December 2002 by the City Council as well as meeting commitments incurred but not spent prior to that date but which will fall to be met by the City Council in 2002/03.

2.3 Raffles Area Strategy

The accumulated budgets for the Raffles Area Strategy in 2002/03 total £829.270 including commitments brought forward from previous years and this sum is shown within the Public Sector HIP programme. Unfortunately not all the demolition work was completed prior to LSVT and the estimate of outstanding commitments, including related works, is put at £270,000. Current indications are that the uncommitted budget is no more than £140,000 and thus additional resources will be required in 2002/03 (allowing for contingencies) of some £150,000. If this was agreed, the most appropriate source of such funding would appear to be the HRA balance and Appendix B (Public Sector HIP) has been revised to reflect this additional commitment.

2. ESTIMATED CAPITAL RESOURCES 2003/04 – 2005/06

1. The table below sets out the **estimated** level of capital resources available to the City Council in the period 2003/04 – 2005/06.

2003/04 2004/05 2005/06

Notes £000's £000's £000's

(a) Borrowing Allocation 1,153 1,153 1,153

(b) Cap Grant (Disabled Facilities) 156 156 156

(c) Usable Cap Receipts - b/fwd 961 0 0

- in year 500 866 845

(d) Capital Projects Fund 916 0 60

(e) IEG Capital Grant 200 0 0

f. Renewals Reserve

– Vehicles & Equip 768 632 391

○ Ledger Replacement 100 0 0

○ Cemeteries 225 0 0

f. Other Capital Grants

■ Sports Council/Football

Foundation 325 1,300 91

Total Estimated Resources £5,304 £4,107 £2,696

Notes

- a. The borrowing allocation for 2003/04 was announced by the Government on 10th December 2002. This includes a discretionary element awarded on performance of £125,000 (2002/03 £175,000) – awarded ‘Good’ for the Capital Strategy and Asset Management Plan and below average for service performance.
 - b. This allocation has still not yet been announced by the Government. The equivalent allocation in 2002/03 was £156,000 but this sum is only a 60% grant towards the cost of disabled facilities grants. The City Council must find the other 40% from its own resources. At this stage a similar level of grant has been assumed for 2003/04 onwards.
 - c. This is the forecast sum to be brought forward in April 2003. At this stage, it is assumed that no equivalent sums will be brought forward in future years. General Fund receipts of £500,000 p.a. have been assumed from 2003/04 onwards as part of the Asset Investment Fund programme. From 2004/05 onwards approx £350,000 p.a. has been assumed from preserved Right To Buy receipts received via CHA.
 - d. Of this Fund, £600,000 has already been earmarked for support to Leisuretime. The £60,000 provision in 2005/06 relates to the Millennium Artefacts Scheme.
 - e. A £200,000 Capital Grant towards the Government’s IEG Strategy is due in 2003/04 subject to meeting targets set by the Government on electronic government.
 - f. A call on the Repair and Renewals Reserve totalling £1,791,000 over the next three years has been predicated as part of this exercise. This fund is accumulated from annual contributions to fund items of vehicles and equipment. Contributions to the Reserve will offset this call on the funds available. The sums for the Crematorium and ledger bids are in addition to this sum and total £325,000.
 - g. Grants totalling £1,716,000 have been applied for from Sport England (£914,000) and the Football Foundation (£802,000) towards the funding of the Sheepmount Development. These have been allocated pro-rata to the expenditure profile.
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1. At this stage the projected estimated resources contain no provision for any revenue contributions that the Council may make to capital projects. During 2002/03 a £473,000 contribution from revenue balances has been agreed by Council to implement the car park extension programme, the first stage of alterations to the

Civic Centre building, and the alterations to Bousteads Grassing.

4. DRAFT CAPITAL PROGRAMME 2003/04 – 2005/06

1. The table overleaf sets out the bids to date that have been made against the level of available resources. Project Appraisal forms have been received for all new projects with the exception of the Raffles Vision and GIS projects, in accordance with the Council's Capital Strategy. **Appendix C** sets out a more detailed summary of the schemes and link to Corporate Objectives and incorporating any revenue implications and other relevant information. The estimated capital costs are as set out overleaf.

2003/04 2004/05 2005/06

Notes £000's £000's £000's

Previously Approved/Funded

Schemes:

(a) Leisuretime Cap. Investment 630 270 250

(b) Implementing Electronic Govt. 200 0 0

(c) Crematorium Refurbishment 225 0 0

(d) Vehicles, Plant and Equipment 768 632 391

(e) Millennium Artefacts 0 0 60

(f) Asset Investment Fund 200 200 200

2,023 1,102 901

New Bids:

(g) Disability Discrimination Act 220 0 0

(h) Land and Property Gazetteer/ 117 0 0

Nat Land Info System

(i) Ledger Replacement 100 0 0

(j) Major Repairs to Council Props. 200 200 200

(k) Private Sector Hsg Programme 768 768 768

(l) Petteril Bank Community Project 90 30 0

(m) Sheepmount Development 500 2,000 100

(n) Kerbside Recycling 150 0 0

(o) Customer Contact 500 0 0

(p) GIS - - -

(q) Raffles Vision - - -

Total Required 4,668 4,100 1,969

NB: Capital Schemes can only proceed after a full report, including a financial appraisal, has been approved by the Council.

Comments

- a. Leisuretime Capital Investment. The City Council has agreed to make a capital contribution to developing the Leisuretime facilities as part of the transfer to Trust status. £600,000 is due to be met from the Capital Project Fund and £550,000 from Capital Receipts
- b. Implementing electronic government. A capital grant of £200,000 was paid to every local authority in 2002/03 and a similar payment is due in 2003/04.

- c. Crematorium Refurbishment. This scheme will provide a major overhaul

of the facilities at the crematorium, something that has not taken place since its opening in 1956. A separate report on this item will be considered by the Executive in March. A total of £225,000 is available in the Renewals Reserve to finance this expenditure. It is not now anticipated that any work will take place in 2002/03 (Original Budget £94,550), and all work will now be completed from 2003/04 onwards.

- d. Vehicles Plant and Equipment. This sum represents the anticipated call on the Repair and Renewals Fund in each of the next three years to fund anticipated vehicle etc replacements. These sums are exclusive of the bids relating to Crematorium refurbishment (£225,000) and ledger replacement (£100,000).
- e. Millennium Artefacts. The sum of £60,000 has been earmarked for this project in 2005/06 from the Capital Projects Fund.
- f. Asset Investment Fund. This involves investment in corporate property assets through the achievement and application of capital receipts. It was approved to be funded as part of the 2002/03 budget as a first call on Capital Receipts but details of schemes (which must be approved by Council) in 2003/04 are still awaited.
- g. Disability Discrimination Act. This two-year project is to ensure that all the Council's public buildings comply with the Disability Discrimination Act. A further report on the detailed work will be presented at a later date.
- h. Land and Property Gazetteer/National Land Information System. This will enable local searches to be processed electronically and will create a Land and Property Gazetteer for the Council. The respective costs of the two systems are £65,000 and £52,000. A report was considered by the Executive on 30 September 2002 (TC191/02).
- i. Ledger Replacement. The Current Ledger dates from 1989 and does not provide the flexibility of information the organisation now requires. A fuller report was considered by the Executive on 28/10/02 (FM02/03 No 66).
- j. Major Repairs to Council Properties. The aim of this project is to maintain the asset value and condition of the City Council's property. The size of the programme can be reviewed annually, but it is thought prudent to include an annual provision.
- k. Private Sector Housing Programme. The base programme for 2002/03 was £968,000. A reduction of £200,000 could be accommodated by excluding Group Repair (£150,000) and various discretionary grants (£50,000). A proposed programme would embrace the following:

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Disabled Facilities Grants 255,000

Home Repair Assistance Grants 100,000

Renovation Grants 346,000

Warm Homes Scheme 57,000

Repeat Victimisation Scheme 10,000

TOTAL £768,000

- l. Petteril Bank Community Project. This involves partnership working with a variety of agencies to create a unique site for community activity, opportunity and education under a joint management structure. The costs shown would be the net expenditure falling on the City Council.
- m. Sheepmount Development. An updated report on the proposed development of the Sheepmount will be presented to a future meeting of the Executive. The gross cost of the Scheme is estimated at £2,675,000 of which £75,000 is included in this year's budget. A profile of the remaining spend is shown in the three year programme to 2005/06 together with expected grant support.
- n. Kerbside Recycling. This continues the pilot kerbside-recycling project operated jointly with Eden D. C. A separate report on this item can be found elsewhere on the agenda. Further additional resources would be required to extend the pilot.
- o. Customer Contact. This involves the creation of a temporary reception area as part of the project to improve accommodation efficiency through the review of Civic Centre requirements. Council agreed a sum of £100,000 on 3 December 2002 as a supplementary estimate, as first stage work. The final amount required will be subject to the results of the feasibility study and any impact resulting from the Private Partnership Initiative.
- p. GIS

A feasibility study will be undertaken during 2002/03 and there is a possibility that this will lead to a capital bid requirement although the amount is not known yet.

(q) Raffles Vision

The implementation of the Raffles Vision will probably incur a call on capital funding in 2003/04 and possibly future years. A full report on the Raffles Vision is being prepared for a future meeting of the Executive. At this stage Members may wish to leave some capital resources uncommitted until the full financial implications of the Raffles Vision for the City Council can be assessed.

5. SUMMARY

5.1 A summary of the estimated available resources compared to bids is set

out below:

2003/04 2004/05 2005/06

£000's £000's £000's

Estimated Resources Available 5,304 4,107 2,696

(see para 3)

Estimated Programme 4,668 4,100 1,969

(see para 4) _____

Projected Surplus/(Deficit) £636 £7 £727

2. The estimated programme (paragraph 4) currently makes no provision for GIS or Raffles Vision. Members may wish to retain some resources as uncommitted until the full implications of these schemes can be assessed.

6. STAFFING/RESOURCES COMMENTS

Not applicable.

7. COMMENTS OF HEAD OF FINANCE

Contained within the report.

8. LEGAL COMMENTS

Not applicable.

9. CORPORATE COMMENTS

Contained in the Project Appraisal forms where appropriate.

10. RISK MANAGEMENT ASSESSMENT

Contained in the Project Appraisal forms where appropriate.

11. EQUALITY ISSUES

Not applicable.

12. ENVIRONMENTAL IMPLICATIONS

Not applicable.

13. CRIME AND DISORDER IMPLICATIONS

Not applicable.

14. RECOMMENDATIONS

14.1 It is recommended that the Executive:

- i) Approves the revised capital programme for 2002/03 as set out in Appendices A and B for recommendation to Council;
- ii. Notes the estimated level of capital resources in 2003/04 to 2005/06;
- iii. Approves expenditure of £768,000 in respect of renewal of vehicles and plant;
- iv. Indicates which further capital bids it would wish to prioritise for 2003/04 for recommendation to Council on 17 February 2003;
- v. Confirms that capital schemes may only proceed after a full report, including a financial appraisal, has been approved by Council.

ANGELA BROWN

Head of Finance

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Financial Services

Carlisle

28 January 2003

DKS/CH/FS7-02

APPENDIX A

GENERAL FUND CAPITAL PROGRAMME 2002/03

Revised

Summer 2002 Dec
2002

£ £

SCHEMES:

Greystone School 940 940

Cemetery Improvement 94,550 0

DDA Act Adaptations 180,000 215,000

Planned Major Repairs 190,000 155,000

Asset Management Plan (Database) 100,000 100,000

Sheepmount (Phase II Bid) 75,000 75,000

Gateway City Project 1,110.450 1,110,450

Play Areas 50,000 50,000

Vehicles and Equipment 988,940 793,450

Private Sector HIP 994,000 994,000

Car Park Improvements - 123,000

Civic Centre Building - 100,000

Bousteads Grassing _____ - 250,000

3,783,880 3,966,840

Add: Unfinanced Exp in 2001/02 91,500 91,500

TOTAL PROGRAMME TO BE FINANCED 3,875,380 4,058,340

RESOURCES AVAILABLE: £ £

Basic Credit Approval 322,000 322,000

Capital Receipts 1,562,940 1,997,940

Repair and Renewals Reserve 1,083,490 793,450

Capital Projects Fund 835,810 835,810

Private Sector Contributions 99,400 99,400

Revenue Contributions 22,000 245,000

Millennium Comm. Grant 319,740 319,740

Disabled Facilities Grant 156,000 156,000

DSO Reserve Fund - 250,000

TOTAL RESOURCES AVAILABLE 4,401,380 5,019,340

ESTIMATED RESOURCES C/F TO 2003/04: £ £

Capital Receipts 526,000 961,000

APPENDIX B

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PUBLIC SECTOR HIP 2002/03

2002/03 2002/03 2002/03

Original Revised (Nov) Revised (Jan)
£000's £000's £000's

Expenditure £4,853 £5,524 £5,674

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Funding

£000's £000's £000's

Borrowing 818 818 818

Capital Receipts 154 875 875

Major Repairs Allow/

Reserve 3,881 3,695 3,695

Revenue Funding Nil 136 286

Total Funding £4,853 £5,524 £5,674

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APPENDIX C

CAPITAL PROGRAMME
BIDS 2003/04

<u>Scheme</u>	<u>Total</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>Revenue</u>	<u>Cap</u>
	-	-	-	-	<u>Cost pa</u>	<u>Funding</u>
	£000's	£000's	£000's	£000's	£000's	<u>Identified</u>
Leisure Capital Investment	1,150	630	270	250	-	CPF and Cap Re

Electronic Govt Implementation	200	200	-	-	-	Grant
Crematorium Refurbishment	225	225	-	-	-	R & R
Vehicles, Plant and Equipment	1,791	768	632	391	-	R&R
Millennium Artefacts	60	-	-	60	-	CPF
Asset Investment Fund	600	200	200	200	5-50	Cap Rcts
Disability Disc. Act	220	220	-	-		
Land & Property Gazetteer/Nat Land Info System	117	117	-	-	10	
Ledger Replacement	100	100	-	-	-	R & R
<u>Scheme</u>	<u>Total</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>Revenue</u>	<u>Cap</u>
	-	-	-	-	<u>Cost pa</u>	<u>Funding</u>
	£000's	£000's	£000's	£000's	£000's	<u>Identifie</u>
Major Repairs to Council Properties	600	200	200	200	-	
Private Sector Housing	2,304	768	768	768	-	
Petteril Bank Comm Project	120	90	30		-	-
Sheepmount	2,600	500	2,000	100		

Kerbside Recycling	150	150	-	-	90	
Customer Contact	500	500	-		-	
G.I.S.	?	?	?	?	-	
Raffles Vision	?	?	?	?	?	

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