



Agenda Item
3(c)

PORTFOLIO AREA: FINANCE AND RESOURCES

Date of Meeting: 19 December 2002

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: FS4/02

Summary:

This report 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) Approve the revised capital programme for 2002/03 as set out at Appendix A and B;
- ii) Notes the estimated level of capital resources in 2003/04 to 2005/06;
- iii) Approve expenditure of £768,000 in respect of renewal of vehicles and plant
- iv) Indicates which further capital bids they would wish to prioritise for 2003/04.

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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
19 December 2002

FS4/02

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

1. INTRODUCTION

1.1 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. It is anticipated that the borrowing allocation from the Government for 2003/04 will be announced in the week commencing 9th December 2002. A further report to Members may therefore be required in January 2003, once the allocations have been received.

1.2 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.

1.3 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)

2.1. 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.

2.2 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. **Appendix B** to the report sets out a summary of resources committed in this financial year in respect of the Public Sector HIP.

3 ESTIMATED CAPITAL RESOURCES 2003/04 – 2005/06

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

Notes	<u>2003/04</u> £000's	<u>2004/05</u> £000's	<u>2005/06</u> £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
Total Estimated Resources	<u>£4,979</u>	<u>£2,807</u>	<u>£2,605</u>

Notes

- (a) The actual 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 '.
- (b) This allocation will be announced later in December. 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.
- (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.

3.2 At this stage the projected estimated resources contain no estimate of any revenue contributions that the Council may make to capital projects. During 2002/03 a £223,000 contribution from revenue balances has been agreed by Council to implement the car park extension programme and the first stage of alterations to the Civic Centre building.

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

4.1 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 Sports Development 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.

<u>Notes</u>	<u>2003/04</u> £000's	<u>2004/05</u> £000's	<u>2005/06</u> £000's
<u>Previously Approved/Funded Schemes:</u>			
(a) Leisuretime Cap. Investment	330	300	270
(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	250	250	250
	<u>1,773</u>	<u>1,182</u>	<u>971</u>
<u>New Bids:</u>			
(g) Disability Discrimination Act	220	0	0
(h) Land and Property Gazetteer/ Nat Land Info System	117	0	0
(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	1,002	0	0
(n) Kerbside Recycling	150	0	0
(o) Customer Contact	500	0	0
(p) Sports Development Fund	85	85	85
(q) GIS	-	-	-
	<u>5,005</u>	<u>2,265</u>	<u>2,024</u>
Total Required	<u>5,005</u>	<u>2,265</u>	<u>2,024</u>

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 including a final £250,000 payment in 2006/07. £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 can be found elsewhere on the agenda. 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 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.
- (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 further detailed report will be presented to the Executive in due course.
- (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. A report on the scheme can be found elsewhere on the agenda.
- (m) Sheepmount Development. An updated report on the proposed development of the Sheepmount will be presented elsewhere on the agenda. The £1,002,000 represents the net share estimated to fall on the City Council.
- (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) A report was considered by the Executive on 8th July and 28th October 2002.
- (q) 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.

5. SUMMARY

A summary of the estimated available resources compared to bids is set out below:

	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
Estimated Resources Available (see para 3)	4,979	2,807	2,605
Estimated Programme (see para 4)	5,005	2,265	2,024
Projected Surplus/(Deficit)	<u>£ (26)</u>	<u>£ 542</u>	<u>£ 581</u>

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:

- v) Approve the revised capital programme for 2002/03 as set out at Appendix A and B;
- vi) Notes the estimated level of capital resources in 2003/04 to 2005/06;
- vii) Approve expenditure of £768,000 in respect of renewal of vehicles and plant
- viii) Indicates which further capital bids they would wish to prioritise for 2003/04.

ANGELA BROWN

Head of Finance

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Financial Services
Carlisle
11 December 2002
DKS/CH/FS4-02

GENERAL FUND CAPITAL PROGRAMME 2002/03

	<u>Summer 2002</u>	<u>Revised Dec 2002</u>
	£	£
<u>SCHEMES:</u>		
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
	<u>3,783,880</u>	<u>3,966,840</u>
Add: Unfinanced Exp in 2001/02	<u>91,500</u>	<u>91,500</u>
Total Programme to be financed	3,875,380	4,058,340
<u>RESOURCES AVAILABLE:</u>		
	£	£
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	<u>4,401,380</u>	<u>5,019,340</u>
<u>ESTIMATED RESOURCES C/F TO 2003/04:</u>		
	£	£
Capital Receipts	526,000	961,000

PUBLIC SECTOR HIP 2002/03

	2002/03 Original £000's	2002/03 Revised (July) £000's	2002/03 Revised (Nov) £000's
<u>Expenditure</u>	<u>£4,853</u>	<u>£7,110</u>	<u>£5,524</u>
<u>Funding</u>	£000's	£000's	£000's
Borrowing	818	818	818
Capital Receipts	154	875	875
Major Repairs Allow/ Reserve	3,881	4,897	3,695
Revenue Funding	<u>Nil</u>	<u>520</u>	<u>136</u>
Total Funding	<u>£4,853</u>	<u>£7,110</u>	<u>£5,524</u>

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 Cost pa</u>	<u>Cap Funding Identified</u>	<u>Link to Corporate Plan</u>	<u>Project Appraisal Form</u>
	£000's	£000's	£000's	£000's	£000's			
Leisure Capital Investment	900	330	300	270	-	CPF and Cap Rec	Council Approved	
Electronic Govt Implementation	200	200	-	-	-	Grant	Approval Required	
Crematorium Refurbishment	225	225	-	-	-	R & R	Y	Y
Vehicles, Plant and Equipment	1,791	768	632	391	-	R&R	Approval Required	
Millennium Artefacts	60	-	-	60	-	CPF	Council Approved	
Asset Investment Fund	750	250	250	250	5-50	Cap Rcts	Y	Y
Disability Disc. Act	220	220	-	-			Y	Y
Land & Property Gazetteer/Nat Land Info System	117	117	-	-	10		Y	Y
Ledger Replacement	100	100	-	-	-	R & R	Y	Y

<u>Scheme</u>	<u>Total</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>Revenue Cost pa</u>	<u>Cap Funding Identified</u>	<u>Link to Corporate Plan</u>	<u>Project Appraisal Form</u>
	£000's	£000's	£000's	£000's	£000's			
Major Repairs to Council Properties	600	200	200	200	-		Y	Y
Private Sector Housing	2,304	768	768	768	-		Report?	
Petteril Bank Comm Project	120	90	30		-	-	Report?	Y
Sheepmount	1,002	1,002	-	-			Report?	
Kerbside Recycling	150	150	-	-	90		Y	Y
Customer Contact	500	500	-		-		Y	Y