

Meeting: EXECUTIVE

Portfolio Area: Resources

Date: 15TH OCTOBER 2003

CAPITAL PROGRAMME AND RESOURCES REVIEW

(Chief Officer Board)

KEY DECISION

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1. PURPOSE

To review the Council's Capital Programme and Resources and to recommend a supplementary estimate to Full Council in respect of the Housing Capital Programme.

2. RECOMMENDATIONS

2.1 That the review of the Capital Programme and Resources for 2003/04 – 2009/10 be noted.

2.2 That the Executive recommends a Supplementary Estimate of £581,500 to Full Council in respect of the 2003/04 Housing Capital Programme.

3. BACKGROUND

3.1 At its meeting of 26th February 2003, the Council approved the Capital Programme for 2003/04.

3.2 Officers have been reviewing and monitoring both delivering the Capital Programme and resource generation issues. This report and appendices presents the outcome of this work in the following areas:

- Detailed progress review of current schemes
- Projected Capital Receipts and other capital resources
- Amendments to the Capital Programme in respect of variances and supplementary estimates approved during the course of this year
- Current projected phasing of the programme

- Detailed consideration of the requirements of the Decent Homes programme and other Housing capital requirements

3.3 The Capital Programme outturn position for 2002/03 was reported to the July meeting of the Executive. A detailed report on Decent Homes was also considered by the Executive at its meeting in September.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 CAPITAL ALLOCATED

4.1.1 Appendix A, pages 1, 2 and 3, presents the current Capital Programme for 2003/04, and a projected programme for the period to 2009/10. This part of the programme outlines those schemes and programmes that are either committed or have been previously approved. These figures reflect a number of variances and assumptions, which are referred to below. Members may recall that when the Capital programme was approved for 2003/04, the point was made that uncertainty about Government policy prevented the approval of a longer-term programme at that stage. A considerable degree of uncertainty remains in this respect, and this report is intended to present a projected position, rather than a medium term Capital Programme for formal approval. The projected position includes a contingency of £2.5m in each year for new schemes, and also seeks to retain some capital resources for investment to assist the General Fund revenue position.

4.2 HOUSING CAPITAL PROGRAMME

4.2.1 The Housing Capital Programme reflects the Supplementary Estimates that have been agreed by either the Executive or Full Council during the course of the year in respect of UPVC Window Replacements, Decent Homes, and IT Systems.

4.2.2 At its meeting of 23rd July 2003, the Executive noted the Housing capital outturn position for 2002/03 and approved the carry forward of overspends to be offset against the 2003/04 position.

4.2.3 In the report on the programme in July, details were provided of the main variations that had contributed to both overspend and slippage in 2002/03:

Overspend

- Removal of asbestos
- Boiler replacement prior to Decent Homes contract
- Upgrade fire alarm system
- Disabled adaptations
- Subsidence
- Capitalisation of major works
- Void properties – rewiring prior to Decent Homes contract

Slippage

- IT systems
- Sheltered security
- Community safety

4.2.4 At its meeting of 17th September 2003, Full Council approved supplementary estimates in respect of both the Decent Homes programme and the upgrade of IT systems.

4.2.5 Officers have undertaken a full review of the Housing Capital programme, with the objective of reducing budgets to enable the carried forward overspends from 2002/03 to be offset against the 2003/04 programme.

4.2.6 A summary of the 2003/04 Housing Capital programme is shown in Appendix B, and this details the virements and reductions in scheme costs proposed. However, although this exercise has found savings of £288,000, officers are of the view that no further reductions can be made, and that a supplementary estimate of £521,500 will be required in order for the programme to proceed in 2003/04. A supplementary estimate of an additional £60,000 for the Stock Condition Survey will also be required. This will allow more comprehensive data to be collected, and will inform the Housing Capital Programme for several years to come.

4.2.7 Review of the Housing programme has also included review of the monitoring, control, and reporting arrangements for the programme. The revised arrangements for monitoring the Housing Capital programme include the establishment of a joint Resources/Housing Programme Board with monthly monitoring meetings to identify progress, slippage, and to ensure that schemes are progressing according to plan and delivering the required outputs. Work has also taken place to ensure that there is closer reconciliation of the First Housing and Chronicle financial systems.

4.3 GENERAL FUND CAPITAL PROGRAMME

4.3.1 The General Fund capital programme shown in appendix A reflects a number of variances and assumptions. Appendix C presents a summary of progress on current General Fund capital schemes. Work on delivery of the programme will be used to present a report on re-phasing of the programme in financial terms to the November Executive. The Executive will note that technical and resourcing issues on individual schemes will mean that some schemes may require re-phasing and are likely to slip into next year

4.3.2 A separate report in the Part II section of this agenda deals with the Ridlins Pavilion Scheme in more detail. The virement proposals in that agenda item have been reflected in this report.

4.4 CAPITAL RESOURCES

4.4.1 The overall projected capital resources position is shown on page 4 of Appendix A. The projection shows the gross Major Repairs Allowance (MRA) position less negative subsidy transitional measures. In the capital resources projection, the key assumptions are the level of Council House Sales and the level of Asset and Land Sales. Housing RTB capital receipts are currently projected to achieve around £13m, an increase on this year's estimate of £12m. Although the volume of sales is currently lower than last year, valuations have increased. Regarding land sales, disposals recently agreed by Executive should enable this year's estimate of £5m to be achieved. Completion of Stevenage North East Phase II is now scheduled for the week commencing 6th October.

4.4.2 Local Government Act 2003 – Pooling of Housing Capital Receipts

The Local Government Bill received Royal Assent in September, and this will give effect to the pooling of Housing RTB Capital Receipts from 1st April 2004. Pooling will amount to 75% of capital receipts, with transitional measures for debt-free housing authorities. These transitional measures will enable the Council to retain 75%, 50%,

and 25% of the 75% of receipts pooled over the next 3 years, provided they are used for housing purposes.

4.5 CAPITAL RESOURCES & ALLOCATED – SUMMARY

Page 5 of Appendix A summarises the overall capital resources and allocated programme position

5 IMPLICATIONS

5.1 Legal Implications

The proposals within this report comply with all relevant legislation.

5.2 Policy Implications

This review of the Capital Programme is in accordance with the Council's Capital Strategy, which represents the Council's approach towards managing its capital and forms an integral part of the Council's overall policy and planning process. The Programme is intended to reflect key priorities and objectives as identified in the Corporate Business Strategy, and to balance the competing objectives facing the Council.

5.3 Financial Implications

The report is financial in nature and the implications are included in the body of the report.

5.4 Planning Implications/Environmental Implications/Staffing and Accommodation Implications/Human Rights Implications/Equal Opportunities Implications/Community Safety Implications/Other Corporate Implications/Other Implications

There are no further specific implications identified at this time

BACKGROUND DOCUMENTS

APPENDICES

Appendix A – Capital Programme and Resources Summary

Appendix B – Summary Housing Capital Programme

Appendix C – Progress report on delivery of General Fund Capital Schemes