



East Northamptonshire Council

Finance Sub Committee - 4 January 2010

Capital Programme 2009/10 to 2017/18

Summary

To consider the Capital Programme for the financial years 2009/10 to 2017/18 and make recommendations to the Policy and Resources Committee.

Attachment(s)

- Appendix A Summary Capital Programme
- Appendix B - Detailed Capital Programme
- Appendix C - Estimated Capital Receipts

1.0 Introduction

- 1.1 The purpose of this report is to consider the Council's Capital Programme for the financial years 2009/10 to 2017/18. The report also highlights the funding that is available to meet these spending plans.
- 1.2 We have extended the period over which we now plan so that we can assess the most financially advantageous way of financing our capital plans.
- 1.3 The financial impact of this level of expenditure has been incorporated into the Medium Term Financial Strategy (MTFS) in terms of the cost of capital (lost interest) and the ongoing revenue implications. This report only seeks approval for the outline budgets to be included within the capital programme.

2.0 Capital Programme

- 2.1 The tables below summarises the total capital budget for the financial years 2009/10 to 2017/18.

Breakdown By Year

| | Revised 2009/10 £ | 2010/11 £ | 2011/12 £ | 2012/13 £ | Future Years £ |
|---|-------------------------|------------------|------------------|------------------|----------------------|
| Housing Projects | 970,471 | 300,000 | 1,300,000 | 802,300 | 1,800,000 |
| Leisure and Tourism Projects | 530,210 | 111,000 | 205,000 | 190,300 | 0 |
| Environment Projects | 1,032,530 | 7,356,000 | 5,594,000 | 810,670 | 20,000 |
| Central Services Projects | 20,000 | 50,000 | 80,000 | 27,000 | 250,000 |
| Corporate Systems | 423,710 | 435,000 | 440,000 | 364,000 | 1,200,000 |
| Youth Projects | 45,000 | 45,000 | 0 | 0 | 0 |
| Industrial Units Projects | 39,000 | 20,000 | 0 | 150,000 | 0 |
| Vehicle Replacements | 126,230 | 170,096 | 222,672 | 102,160 | 649,800 |
| Total | 3,187,151 | 8,487,096 | 7,841,672 | 2,446,430 | 3,919,800 |

- 2.2 Financing this capital programme is expected to be met from internal resources as well as additional capital receipts or contributions. Below is a summary of resources available to finance the capital programme.

| | Revised 2009/10 £ | 2010/11 £ | 2011/12 £ | 2012/13 £ | Future Years £ |
|---|-------------------------|--------------|--------------|------------------|----------------------|
| Opening Capital Resources | 3,970,000 | 3,309,849 | 0 | 0 | 3,342,551 |
| Add Estimated additional sources of financing | 2,527,000 | 3,192,000 | 915,900 | 8,000,000 | 0 |
| Add/(less) amount borrowed (borrowing repaid) | | 1,985,247 | 6,925,772 | (2,211,019) | 0 |
| Less Estimated Funding Requirement | (3,187,151) | (6,501,849) | (915,900) | (4,657,449) | (3,919,800) |
| Closing Capital Resources | 3,309,849 | 0 | 0 | 3,342,551 | (577,249) |

2.3 As Members will note from the summary at Appendix A there is a requirement to borrow in order to fund our planned expenditure in 2010/11 and 2011/12. This is consistent with the reports to the Policy and Resources Committee concerning the financing of the Manor Park project. Members will also note that in 2012/13 we are planning to generate receipts from the sale of land. This will be subject to the markets picking back up. Once received, the plan at the moment is to repay some of the borrowing taken out in the previous two years back down to the level anticipated for Manor Park, i.e. £6.7m. Members will note that, at the end of 2012/13, our capital resources will have been exhausted indicating a further need to borrow in the longer term should Members still wish to invest in further capital projects. As such it may well be more financially advantageous to borrow for the whole cost of Manor Park rather than the amount originally identified. A further report on borrowing options will be made to the Policy and Resources Committee on the borrowing options as appropriate after the planning permission decision has been made for the Manor Park site.

2.4 Members previously agreed to the principle of borrowing to overcome short term timing issues between capital receipts and payments and this is reflected in our approved prudential borrowing indicators (reported with the Revenue Budget). However, there is the need for longer term borrowing to fund our capital programme. As such there will be a need to set aside amounts from our revenue budgets in order to pay off the loans when they reach maturity (technically known as the minimum revenue provision), as well as the annual cost of interest. The Medium Term Financial Strategy includes the borrowing costs consistent with the plans contained in this report. If the Council borrows, it will also need to satisfy the external auditors that we have met the requirements of the Prudential Code for Capital Finance in Local Authorities. On the positive side, as interest rates are at an all time low, the cost of borrowing is relatively cheap but already long term interest rates are showing signs of increasing.

3.0 Risk Assessment

3.1 There are three main risks associated with the construction of this Plan:

- Assumptions made for new capital receipts
- Slippage in projects included within the plan
- Waste Management Vehicles

3.2 *Capital receipts* - £8m has been included in the Plan for receipts associated with the sale of land. It was previously anticipated that these amounts would be received this year. However, due to the current economic climate it is not possible to realise the full value of the sites. Their sale has been deferred and we are now estimating that they will reach their previous value during 2012/13. Obviously, this depends on how quickly the economy recovers and there is a risk that these sales could slip further back.

3.3 *Slippage* – All schemes have been included in the programme to demonstrate the Council's commitment to them. However, as some of the schemes are still very much at an outline stage it is possible that the spending profile in the detailed capital programme could be

deferred to later financial years. Although this does not have any negative financial implications to the Council, it may cause reputational damage if community expectations for the delivery of schemes are not met. In order to manage this risk, it is intended to incorporate monitoring against project plans in the regular capital monitoring reports and to update spend profiles accordingly.

3.4. *Waste Management Vehicles* – The plan assumes that these will be provided by the new contractor in accordance with the approach taken in retendering the services. It is recognised that this may increase the cost of the contract and therefore we may have to look at other financing options if that option is not affordable.

4.0 Recommendation

4.1 That the Capital Programme from 2010/11 to 2017/18, subject to any amendments, be recommended to the Policy and Resources Committee for approval.

| Implications: | |
|--|--|
| Corporate Outcomes or Other Policy/Priority/Strategy | |
| Good Quality of Life | <input checked="" type="checkbox"/> Good Reputation <input checked="" type="checkbox"/> |
| Good Value for Money | <input checked="" type="checkbox"/> High Quality Service Delivery <input checked="" type="checkbox"/> |
| Effective Partnership Working | <input type="checkbox"/> Strong Community Leadership <input type="checkbox"/> |
| Effective Management | <input checked="" type="checkbox"/> Knowledge of our Customers and Communities <input type="checkbox"/> |
| Employees and Members with the Right Knowledge, Skills and Behaviours | <input type="checkbox"/> |
| Other: | <input type="checkbox"/> |
| Decision(s) would be outside the budget or policy framework and require full Council approval <input type="checkbox"/> | |
| Financial | There are no financial implications at this stage <input type="checkbox"/> |
| | There will be financial implications – see paragraph 1 to 4 <input checked="" type="checkbox"/> |
| | There is provision within existing budget <input type="checkbox"/> |
| | Decisions may give rise to additional expenditure at a later date <input type="checkbox"/> |
| | Decisions may have potential for income generation <input type="checkbox"/> |
| Risk Management | An assessment has been carried out and there are no material risks <input type="checkbox"/> |
| | Material risks exist and these are recorded at Risk Register Reference - 257 and 470 inherent risk score - Primary <input checked="" type="checkbox"/> residual risk score - Contingency |
| Staff | There are no additional staffing implications <input checked="" type="checkbox"/> |
| | Additional staff will be required – see paragraph <input type="checkbox"/> |
| Equalities and Human Rights | There will be no impact on equality (race, age, gender, disability, religion/belief, sexual orientation) or human rights implications <input checked="" type="checkbox"/> |
| | There will be an impact on equality (see categories above) or human rights implications – see paragraph <input type="checkbox"/> |
| Legal | Power: Local Government Act 1972 and Local Government Finance Act 2003 |
| | Other considerations: |
| Background Papers: various office files | |
| Person Originating Report: Robert Austin, Head of Resources | |
| Date: 21 December 2009 | |
| CFO | MO |
| | CX |

(Committee Report Normal Rev. 16)



East Northamptonshire Council
10 Year Capital Strategy
2009/10 to 2018/19

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | Future Years |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|----------------|------------------|
| Capital Spend | 3,187,151 | 8,487,096 | 7,841,672 | 2,446,430 | 630,000 | 830,000 | 616,600 | 643,200 | 600,000 | 600,000 |
| Housing Projects | 970,471 | 300,000 | 1,300,000 | 802,300 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| Leisure & Tourism Projects | 530,210 | 111,000 | 205,000 | 190,300 | 0 | 0 | 0 | 0 | 0 | 0 |
| Environment Projects | 1,032,530 | 7,356,000 | 5,594,000 | 810,670 | 0 | 10,000 | 0 | 10,000 | 0 | 0 |
| Central Services Projects | 20,000 | 50,000 | 80,000 | 27,000 | 30,000 | 220,000 | 0 | 0 | 0 | 0 |
| Corporate Systems | 423,710 | 435,000 | 440,000 | 364,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Youth Projects | 45,000 | 45,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Industrial Units Projects | 39,000 | 20,000 | 0 | 150,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Vehicle Replacements | 126,230 | 170,096 | 222,672 | 102,160 | 100,000 | 100,000 | 116,600 | 133,200 | 100,000 | 100,000 |
| Capital Financing | | | | | | | | | | |
| Capital Reserves | 3,187,151 | 6,501,849 | 915,900 | 4,657,449 | 630,000 | 830,000 | 616,600 | 643,200 | 600,000 | 600,000 |
| Revenue Reserves | | 0 | | | | | | | | |
| Direct Revenue Funding | | | | | | | | | | |
| Borrowing | | 1,985,247 | 6,925,772 | (2,211,019) | | | | | | |
| Total Capital Financing | 3,187,151 | 8,487,096 | 7,841,672 | 2,446,430 | 630,000 | 830,000 | 616,600 | 643,200 | 600,000 | 600,000 |
| Capital Financing | | | | | | | | | | |
| Opening Capital Reserves | 3,970,000 | 3,309,849 | 0 | 0 | 3,342,551 | 2,712,551 | 1,882,551 | 1,265,951 | 622,751 | 22,751 |
| add capital receipts and grants | 2,527,000 | 3,192,000 | 915,900 | 8,000,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| less use of Reserves | 3,187,151 | 6,501,849 | 915,900 | 4,657,449 | 630,000 | 830,000 | 616,600 | 643,200 | 600,000 | 600,000 |
| Closing Capital reserves | 3,309,849 | 0 | 0 | 3,342,551 | 2,712,551 | 1,882,551 | 1,265,951 | 622,751 | 22,751 | (577,249) |

| Cost Centre | Environment Projects | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | Future Years |
|-------------|--|------------------|------------------|------------------|----------------|------------|---------------|------------|---------------|------------|--------------|
| | | Updated £ | Estimate £ | Estimate £ | Estimate £ | Estimate £ | Estimate £ | Estimate £ | Estimate £ | Estimate £ | Estimate £ |
| JCJ331 | District Signage | | | | 16,800 | | | | | | |
| JCJ371 | Glass Collection/Kerbside Boxes | 20,000 | 25,000 | 25,000 | 25,000 | | | | | | |
| JCJ377 | Environmental Improvements | 15,000 | 20,000 | 20,000 | | | | | | | |
| JCJ383 | Raunds/Irthlingborough Environmental Impts | 46,130 | | | | | | | | | |
| JCJ386 | Town Centre Regeneration | 31,000 | 500,000 | 100,000 | 758,870 | | | | | | |
| JCJ387 | Raunds Enterprise Centre | 5,400 | | | | | | | | | |
| JCJ407 | Rushden Leisure Replacement | 730,000 | 6,321,000 | 5,449,000 | | | | | | | |
| JCJ429 | Rushden Greenway | 185,000 | 480,000 | | | | | | | | |
| JCJ605 | District Car Parks | | 10,000 | | 10,000 | | 10,000 | | 10,000 | | |
| | Total | 1,032,530 | 7,356,000 | 5,594,000 | 810,670 | - | 10,000 | - | 10,000 | - | - |

| Cost Centre | Central Services Projects | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | Future Years |
|-------------|---------------------------|---------------|---------------|---------------|---------------|---------------|----------------|------------|------------|------------|--------------|
| | | Updated £ | Estimate £ | Estimate £ | Estimate £ | Estimate £ | Estimate £ | Estimate £ | Estimate £ | Estimate £ | Estimate £ |
| JCJ318 | ENH Capital Repairs | 20,000 | 30,000 | 40,000 | 20,000 | 30,000 | 220,000 | | | | |
| JCJ329 | Leisure Buildings | - | | 40,000 | | | | | | | |
| New | Colour Printer | | 20,000 | | | | | | | | |
| New | Plan Printer | | | | 7,000 | | | | | | |
| | Total | 20,000 | 50,000 | 80,000 | 27,000 | 30,000 | 220,000 | - | - | - | - |

| Cost Centre | Vehicle Replacements | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | Future Years |
|-------------|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | Updated £ | Estimate £ | Estimate £ | Estimate £ | Estimate £ | Estimate £ | Estimate £ | Estimate £ | Estimate £ | Estimate £ |
| JCJ600 | Waste M'tment-Base Line. Service - Refuse | | | | | | | | | | |
| | Waste M'tment-Base Line. Service - Recycling | | | | | | | | | | |
| | Replacement Dog Warden Vans | 15,000 | 33,200 | - | 16,600 | | | 16,600 | 33,200 | | |
| | Waste M'tment-Base Line. Service - Cleansing | | | 120,000 | | | | | | | |
| JCJ601 | Purchase of Company Cars | 111,230 | 136,896 | 102,672 | 85,560 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| | Total | 126,230 | 170,096 | 222,672 | 102,160 | 100,000 | 100,000 | 116,600 | 133,200 | 100,000 | 100,000 |

