
REPORT TO: Housing & Community Services

AGENDA ITEM: 8

DATE OF MEETING: 9th January 2003

CATEGORY:
Recommended

REPORT FROM: CHIEF FINANCE OFFICER

MEMBERS' CONTACT POINT: TERRY NEAVES (5800)

DOC: \\Budget Strategy 2003\
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SUBJECT: CAPITAL PROGRAMME 2003/4

REF: TN

WARD(S) AFFECTED: ALL

TERMS OF REFERENCE:

1. Recommendations

1.1 The Housing & Community Services Committee is asked to:-

- ⇒ Approve the proposals related to this committee for spending general capital resources as set out in paragraph 3.18
- ⇒ Approve the proposals for spending the major repairs allowance as set out in paragraph 3.19
- ⇒ Approve the proposals for spending Section 106 monies as set out in paragraph 3.20

2. Purpose of Report

- 2.1 This report is intended to provide members with the outline proposals from the Service & Financial Planning Working Group which met in December.
- 2.2 It enables members to consider whether they wish to make any changes to the proposals set out within the report and substitute alternative schemes within the existing capital resources currently allocated within this committee.

3. Detail

CAPITAL RESOURCES

3.1 The Council has 4 main separate funding streams for Capital Resources. Each stream can be used for a specific purpose.

- ⇒ Single Capital Pot
- ⇒ Usable Capital Receipts
- ⇒ Major Repairs Allowance
- ⇒ S106 Monies

Single Capital Pot (£686,000)

3.2 This was previously split between general fund and housing capital schemes but is now one single purpose fund that can be used as the council wishes for any capital project.

3.3 In essence, this comprises the Governments annual capital borrowing allocation to local councils (credit approvals) together with any capital receipts the council may generate in the year from the sale of land and council homes.

3.4 The government has also introduced an element of incentives depending on whether their Capital Strategy and Asset Management Plan reach the required standard. Our Capital Strategy has been assessed as good, while our asset management plan is currently assessed as satisfactory. This has provided £125,000 capital resources to our council.

3.5 The table below summarises the resources the Council expects to receive via the single capital pot.

	Notified £'000
Basic Credit Approvals	436
Supplementary Credit Approvals	110
Capital Receipts	400
Revenue Contributions	195
Total Resources	1,141
Allocation for Covenant Principle	405
Allocation for existing schemes	50
Net Capital Resources	686

Note

The Council entered into **covenant principle** agreements to finance works in the Town Centre, Repairs to Council Homes and improvements to the Greenbank Leisure Centre. These are serviced via the Council's annual capital resources.

The Council has already committed funds for 2003/4 at the last budget round for two schemes – Heritage Economic Regeneration Scheme (HERS) £50,000 & Maurice Lee Park Refurbishment £137,000. Funds for the scheme at Maurice Lee Park have been deferred until 2004/5 awaiting the outcome of a future bid to the Heritage Lottery Fund. The table below summarises the resources the Council expects to receive via the single capital pot.

- 3.6 The estimate set out above are on the basis that the Council will set aside 75% of the proceeds of Council House Sales to repay outstanding debt, and 50% of the proceeds of other land sales. The Government is due to relax these rules which may allow the Council to use the whole proceeds from land sales for Housing purposes.

Usable Capital Receipts (£1,640,000)

- 3.7 Over recent years the Council has generated usable capital receipts through the sale of land and council homes. These are summarised in the table below.

	£'000
General Fund	12
HRA	2,496
Total Capital Receipts	2,508
Allocation for this years programme	868
Net Capital Receipts	1,640

- 3.8 The Council has complete freedom as to how it uses these capital resources. Clearly these resources are finite and once spent will not easily be replenished as the Council has few remaining valuable land holdings.

Major Repairs Allowance (£1,906,560)

- 3.9 Some 2 years ago the Government introduced the Major Repairs Allowance specifically for improvements to Council Homes.
- 3.10 The allowance for next year 2003/4 is £1,906,560 compared to an allowance of £1,977,770 in 2002/3

- 3.11 This allowance must be used on spending related to the repair and improvement of Council Homes.

Section 106 Monies (£500,000)

- 3.12 As part of planning agreements the Council can receive payments from developers towards the provision of related infrastructure and community facilities. Depending on the agreement there can be restrictions as to how the contribution is spent. The S106 money received to date is summarised below.

	£'000
Capital purposes	1,512
Revenue Purposes – Swad Woodlands	382
Total Capital Receipts	1,894
Committed for Specific Purposes	1,394
Net available	500

- 3.13 The net monies available have been allocated under the Section 106 agreement between schemes producing a Community Benefit (£250,000) and those providing and education benefit (£250,000). Both must relate to the Castle Gresley area.

Overall Capital Resources

- 3.14 The table overleaf summarises the capital resources available to the Council

	£'000
General Resources	
⇒ Single Capital Pot	686
⇒ Usable Capital Receipts	1,640
Total General Resources	2,326
Earmarked Resources	
⇒ S016 Monies	500
⇒ Major Repairs Allowance	1,907

CAPITAL SPENDING PROPOSALS

- 3.14 All capital spending proposals have been scored by a member panel of Councillors Wilkins, Southerd, Southern and Mrs Wheeler. These were scored against agreed criteria for assessing these projects.
- 3.15 The results of the scoring process for the schemes within the control of this committee are set out in Annex A together with details of the anticipated cost of each scheme.
- 3.16 The assessments are divided between the main funding sources as follows:-
- ⇒ New Facilities – Section 106 Monies
 - ⇒ New Facilities – General Capital Schemes
 - ⇒ Repairs/Renovation of Existing Facilities
 - ⇒ Housing Grants
 - ⇒ General Housing Schemes
 - ⇒ Housing Schemes – to be funded from Major Repairs Allowance
- 3.17 All of the above projects would be eligible for funding from usable capital resources outlined in paragraph 3.7. However there is the proviso that once used these resources are not easily built up again. The Service and Financial Planning Working Group is proposing that these resources are used gradually over a four year period.

General Capital Resources

- 3.18 The Service & Financial Planning Working group proposes that general capital resources of £1,017,000 are allocated to the following schemes within Housing & Community Services for next year.

NET COSTS – SDDC Contribution	£
Housing Needs Survey	40,000
Etwall Leisure Centre – Shower upgrades	10,000
Geological Survey – Gresley Cemetery	2,000
Renovation of Cemeteries	25,000
Community Partnership Scheme	100,000
Burglary Prevention Project	15,000
Access Improvements to Swad Woodlands	25,000
Private Sector Housing Grants	550,000
Purchase of new IT System (+£98,000 from Covenant Reserve)	150,000
Improvements to Sheltered Housing	100,000
TOTAL	£1,017,000

Major Repairs Allowance

3.19 Members request the Head of Community Services in consultation with the Chief Finance Officer to produce proposals for spending the council's Major Repairs Allowance Allocation (£1,907,000). These are set out below

NET COSTS – SDDC Contribution	£
Replacement of Heating Installations	480,000
Re-Roofing Programme	100,000
Improvements to Voids	150,000
Replacement Windows with PVCu Windows	300,000
Replacement of Kitchens	280,000
Replacement of Bathrooms	267,000
Adaptation Improvements	200,000
Planned Maintenance	130,000
TOTAL	£1,907,000

Section 106 Monies

3.20 In addition members considered a number of proposals for Section 106 monies at Church Gresley and considered that the following proposals related to this committee should proceed

NET COSTS – SDDC Contribution	£
Skateboard/BMX Park at Woodville	60,000
Mount Pleasant Ground – Football Pitch Improvements	10,000
New Play Area – Station Street	35,000
TOTAL	£105,000

4. Financial Implications

4.1 As set out in the main body of the report.

5. Summary & Conclusion

5.1 Overall the Council's capital resources are reasonably healthy and will allow it to fund a worthwhile range of projects from the list of projects considered.

Terry Neaves
Chief Finance Officer

