

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

MEETING OF THE COUNCIL – 2 MARCH 2011

ITEM 6 – SUBMISSIONS FROM THE CABINET

3. CAPITAL PROGRAMME 2011/12 – 2013/14

3.1 Introduction

3.1.1 The proposed Capital Programme entails investment of £155 million, requiring £60 million of council funding, for the three year programme period and later years. This compares to the last published capital programme for 2010/11 onwards agreed by Council in March 2010 of £191 million spending requiring £69 million of Council funding.

3.1.2 A comparison of the proposed programme with those in previous years is set out in **The Capital Programme Book Appendix 1** and full details of Business Group capital programmes are set out in **The Capital Programme Book Annex 1**.

3.1.3 The proposals to continue to invest on this scale, despite the financial challenges facing the public sector, reflect:

- the benefit of completing work already in progress: by value, 47 per cent of the Programme is already under way e.g. the Council wishes to complete the Exhibition Road project in time for the 2012 Olympics;
- the intrinsic merits of projects that will, for example, contribute to the educational attainment of children in the borough;
- securing matching receipts, notably in the case of the re-building of Holland Park School; and
- the Council's financial strength, particularly through its capital reserves, which allows it to finance this programme without additional borrowing whilst retaining some capacity for additional capital investment at the end of the programme in accordance with its long term financial strategy.

3.1.4 Bids have been subjected to scrutiny, firstly by an independent officer panel and then by the Cabinet Member for Finance and Information Technology and the Cabinet Member for Housing and Property. The Cabinet Member for Finance and Information

Technology emphasised to all Business Groups the need for their bids to be realistic in the present financial situation. Where costs have not yet been committed Business Groups have been requested to try to reduce the cost of schemes below the budgeted level, avoid over-specification of works and ensure that scheme costs are not excessive.

3.1.5 The Programme is prepared in accordance with the Capital Strategy 2010/11 – 2012/13. A summary of the Capital Strategy objectives together with the Council Aims and Community Strategy Goals are provided in **The Capital Programme Book Appendix 2**.

3.1.6 There are a number of projects that may appear in future years' capital budgets but which are at an exploratory stage and therefore not yet sufficiently advanced to be included in the 2011/12 – 2013/14 programme. These are described as 'pipeline' schemes. They are shown in **The Capital Programme Book Appendix 3** with best estimates of the likely cost. This could amount to a further £88 million of capital expenditure of which £52 million would need to be funded from Council resources (both reserves and from recurrent income).

3.1.7 A breakdown of the Programme by Business Group and source of funding is shown in **Table 1** distinguishing the Housing Revenue Account (HRA) from other investment by the Housing, Health and Adult Social Care Business Group.

Table 1: Capital Programme by Business Group

Business Group	2011/12 £'000	2012/13 £'000	2013/14 £'000	Later Years £'000	Total £'000
Family and Children's Services	34,049	27,321	9,467	2,036	72,873
Housing, Health and Adult Social Care					
Housing and Health - HRA	8,170	7,134	7,134	100	22,538
Housing and Health - General Fund	2,494	2,125	914	0	5,533
Total HHASC	10,664	9,259	8,048	100	28,071
Planning and Borough Development	197	210	60	50	517
Transport, Environment and Leisure	17,489	6,146	4,230	930	28,795
Corporate Services	7,330	6,921	8,953	1,290	24,494
Total Expenditure	69,729	49,857	30,758	4,406	154,750
EXTERNAL FUNDING					
Grants and Contributions	6,560	2,654	6,050	1,100	16,364
Earmarked Capital Receipts	30,982	21,971	3,352	1,036	57,341
HRA Major Repairs Allowance/Reserve	7,583	6,834	6,834	0	21,251
Dedicated Schools Grant - Capital	600	0	0	0	600
Total External Funding	45,725	31,459	16,236	2,136	95,556
COUNCIL FUNDING					
Capital Expenditure Reserve	11,613	14,608	11,130	1,572	38,923
Car Parking Reserve	9,224	2,209	2,705	80	14,218
Other Reserves	2,268	890	387	518	4,063
Revenue Contributions	650	441	50	0	1,141
Usable Capital Receipts	249	250	250	100	849
New Borrowing *	0	0	0	0	0
Total Council Funding	24,004	18,398	14,522	2,270	59,194
TOTAL ALL SOURCES OF FUNDING	69,729	49,857	30,758	4,406	154,750

* this is what is referred to elsewhere in the report as the capital financing requirement

3.1.8 Pipeline bids for Kensington Academy and Kensington Leisure Centre are dependent upon each other to proceed and the impact of including these bids in the main programme is shown in **Table 2** below.

Table 2: Inclusion of Kensington Academy and Kensington Leisure Centre

	Total External Funding £'000	Total Council Funding £'000	Total Expenditure £'000
Main Programme Total Excluding Kensington Academy and Leisure Centre	95,556	59,194	154,750
Adjust for Pipeline Bids			
Kensington Academy	17,600	9,000	26,600
Kensington Leisure Centre	0	20,000	20,000
Adjusted Main Programme Total	113,156	88,194	201,350

- 3.1.9 The Capital Programme for the Housing Revenue Account (HRA) is managed by the Tenant Management Organisation on behalf of the Council. The Programme has reduced following the ending of supported borrowing. The lower level of resources requires the Programme to be limited to schemes already in contract, required for decent homes compliance or necessary for health and safety reasons.
- 3.1.10 The Council's ability to increase capital resources will depend on the extent to which additional debt is allowable and affordable under the self-financing regime. Options considered within the Stock Options Review are being progressed and may result in capital receipts being realised that can be ploughed back into the Capital Programme.
- 3.1.11 The draft Programme is summarised by service area in **The Capital Programme Book Appendix 4**. **The Capital Programme Book Appendix 5** deals with accessibility projects and **The Capital Programme Book Annex 1** details the full draft Programme.

3.2 THE MAIN SCHEMES

- 3.2.1 **Table 3** sets out the main individual schemes that each have a total cost of more than £1 million and paragraph 2.5 describes some of them in more detail. This table also summarises changes to the cost and call on Council funding of schemes compared to the 2010/11 Capital Programme. Schemes starting in 2013/14 are normally new to the three year Programme. The table also shows the programme stage of each scheme. Please see the notes in **The Capital Programme Book Annex 1** for an explanation of how a scheme is assigned a programme stage.
- 3.2.2 The £10.9 million increase in the call on council funding includes £9.8 million of new bids (Marlborough Primary School, Warwick Road Primary School, Athlone Gardens and Wornington Green and Chelsea Bridge).
- 3.2.3 Members are asked to agree to the inclusion in the Programme of each of the main schemes, with particular emphasis on new or more expensive schemes. Cabinet is invited to identify those schemes that it wishes to consider collectively before individual Cabinet Members commit to a Key Decision to proceed.

Table 3: Main General Fund Schemes Costing More Than £1 million

Main Spending Start Year	Business Group/ Scheme	Estimated expenditure to 31 March 2011	Latest Estimated Cost	Previous Estimated Cost	Change in Council Funding	Total Council Funding	Programme Stage
		£'000	£'000	£'000	£'000	£'000	
<u>Family and Children's Services</u>							
2007/08	36 Oxford Gardens Basement	1,140	1,140	892	248	1,140	Go
2005/06	Chelsea Academy Development	10,323	10,323	9,711	612	10,323	Go
2008/09	Chelsea Academy Sponsorship Costs	4,900	4,900	4,900	0	4,900	Go
2007/08	Children's Centre Capital	1,623	1,623	1,565	0	0	Go
2008/09	Holland Park School Redevelopment	22,245	79,988	80,120	-132	4,165	Go
2010/11	NEW Marlborough Primary School Expansion Phase 1	2,000	2,000		2,000	2,000	Go
2008/09	Play Pathfinder	1,991	1,991	1,923	0	0	Go
2007/08	Premises Improvement - St Quintin	3,131	3,131	2,556	378	2,494	Go
2008/09	Private, Voluntary, Independent Grants	2,059	2,059	1,924	0	0	Go
2011/12	NEW Warwick Road Primary School	0	10,250		4,250	4,250	Planning
<u>Housing, Health and Adult Social Care</u>							
2004/05	Ellesmere Main Scheme	10,812	10,941	10,898	-378	1,107	Go
2009/10	Piper House Refurbishment	69	1,653	1,510	143	1,303	Planning
<u>Transport, Environment and Leisure Services</u>							
2009/10	Albert Bridge Major Structural Repairs	4,518	7,180	7,000	150	1,900	Go
2010/11	NEW Athlone Gardens and Wornington Green	200	2,000		2,000	2,000	Go
2013/14	NEW Chelsea Bridge Repainting & Refurbishment	0	1,600		1,600	1,600	Planning
2003/04	Exhibition Road - Design, PR and Research	2,469	2,593	2,593	0	1,338	Go
2008/09	Exhibition Road - Stage 2	12,414	21,830	21,801	29	9,179	Go
2009/10	Little Wormwood Scrubs Development - Phase 1	800	1,000	1,000	0	600	Go
<u>Corporate Services</u>							
2010/11	Office Accommodation (SPACE)	1,886	23,835	23,835	0	23,835	Readying
TOTAL		82,580	190,037	172,228	10,900	72,134	

Notes

- The figures above show the total scheme cost including earlier years and more detail is provided in Annex 1. Earlier years are not included in Table 1.
- The table summarises the change in total forecast cost and total council funding. Costs for the 2011/12 – 2013/14 programme are the difference between columns for **Latest Estimated Cost** and **Estimated Costs to 31 March 2011**.

3.2.4 Schemes that rely on external finance e.g. Transport for London (TfL) funding, will be scaled to the actual grant received when these are notified at a later date.

3.2.5 There are a number of projects that deserve special mention due to their size, complexity or financing issues:

Family and Children's Services

- a. **Holland Park School Redevelopment** is a capital investment to redevelop the whole of the Holland Park School site, to provide a new school and dispose of part of the site for private residential development. The capital cost includes the provision of temporary facilities to enable the school to continue to operate whilst construction is underway, the construction of a new school and outdoor facilities. It is expected that the capital receipt from the sale of the southern site will more than cover the capital costs of the redevelopment. Council funding of £4.2 million relates to initial design costs.
- b. **Marlborough Primary School Phase 1** (new bid) includes £2 million to acquire the lease from Kensington and Chelsea College, who occupy half the building. This is required to enable the school to be expanded to two form entry. A notional £1.4 million has been included in the pipeline to remodel/refurbish the school to accommodate the additional pupil numbers. The eventual scheme cost is expected to be significantly less than this following detailed design and cost engineering.
- c. **Warwick Road Primary School** (new bid) is now included from the pipeline at £10.3 million funded from a S.106 contribution of £6 million and council funding of £4.3 million.

Housing, Health and Adult Social Care

- d. **Piper House Refurbishment** learning disability residential service is no longer considered to be fit for purpose by the Care Quality Commission and fails to meet the national minimum standards for care homes. Internal remodelling of Piper House would provide the opportunity to increase the number of wheelchair accessible units to prevent people (of all ages) having to be accommodated outside the Royal Borough and provide more appropriate services for young people with complex needs who are moving towards adult services.

The remodelled scheme would be run by an external organisation with a projected annual saving of £80,000 compared to the current running cost. A tendering exercise is underway to secure preferred providers for other supported housing provision in the Royal Borough and it is envisaged that this will achieve a lower hourly rate. A future service at Piper House ought to reflect these new market prices and therefore result in a higher savings figure. The alternative accommodation for these young people is likely to be residential care outside London, which would be purchased at a higher unit cost than that envisaged for the remodelled house.

Transport, Environment and Leisure Services

- e. **Albert Bridge major structural repairs** and relighting commenced in early 2010 and will be completed in the autumn of 2011. Transport for London (TfL) is contributing 75 per cent of the £7.2 million costs. The TfL contribution is related to the structural works with the Royal Borough paying for the repainting and lighting. While the project is likely to remain within overall budget, the apportionment between the two elements may result in increased Council costs. Therefore a further £140,000 has been allocated and is more than matched by reductions elsewhere.
- f. **Athlone Gardens and Wornington Green** (new bid) where following agreement to the overall scheme in February 2010, the Wornington Green development will require the current Athlone Gardens site and £2 million of Council funding has been included for interim facilities this year and construction of a new park in phases over the coming years.
- g. **Chelsea Bridge Repainting and Refurbishment** (new bid) is the cyclical painting and lighting overhaul in 2013/14 at a cost of £1.6 million, funded by the council.
- h. The current flagship project is **Exhibition Road**. Stage 1, the reversal of the one-way system at South Kensington is completed and the transformational single surface paving works at this major London site are scheduled for completion in 2012, which will create a significant pedestrian area capable of staging major outdoor street events.
- i. **Little Wormwood Scrubs Phase 1** is on site at an approved cost of £1 million including the award of £400,000 from the Mayor for London. Phase 2 could start in 2012/13 and will include works to the buildings.

Corporate Services

- j. The **Office Accommodation (SPACE) Programme** is tasked with saving money by reducing costs, achieving external income from letting spare accommodation and implementing business change that will protect or improve service standards, but with lower operating costs. The project received Member approval at Cabinet in February 2009, setting a budget of £20.835 million in consideration of the full business case. The £3 million energy reduction insulation works programme has been consolidated into this bid.

Rolling Programmes

- 3.2.6 Rolling programmes are annual cash-limited allocations to allow the Business Groups to progress small schemes that address their priorities. They can be recurring enhancements and structural maintenance or more significant schemes to improve services.
- 3.2.7 Rolling programmes for expenditure on **schools condition and suitability works** are brought in line with the amount made available annually from Dedicated Schools Grant and schools with substantial balances will in future be asked to contribute to capital projects.
- 3.2.8 A summary of each Business Group's rolling programme is set out in **Table 4** below and full details of all rolling programmes are shown in **The Capital Programme Book Appendix 6**.

Table 4: General Fund Rolling Programmes

Rolling Programmes	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Family and Children's Services	5,567	1,300	1,275	1,115
Housing, Health and Adult Social Care	1,542	1,040	870	870
Planning and Borough Development	18	27	50	50
Transport, Environment and Leisure	4,183	3,546	2,621	2,410
Corporate Services	674	380	380	380
	11,984	6,293	5,196	4,825

Investment in Information Technology

- 3.2.9 The capital programme includes IT bids totalling £2.7 million as follows:
- There has been a significant growth in data storage over recent years, which is expected to continue when paper is converted to electronic storage as part of the office accommodation Space Programme. Additional investment is therefore required to manage data capture, storage and retrieval to support this demand.
 - The Space Programme also introduces new flexible and more mobile ways of working, which require the investment in technology aimed at making communication, collaboration and sharing information with anyone, anywhere, easier.

- As staff work whilst on site across the Royal Borough, the opportunity for losing electronic equipment or having them stolen increases. Additional security measures are therefore required to protect the Council's data from loss or theft, both at the network access and individual device level and to comply with Government data security standards.
- The introduction of a proprietary software system to store and manage all traffic management and an upgrade of the Council's existing Geographical Information System (GIS).
- Technology tools to support the implementation of the Family and Children's Services business transformation programme, Stronger Families.
- The Libraries Service is specifically looking at joining a consortium which would use one library management system (LMS) shared by many authorities, thereby saving on costs but increasing stock availability for customers.
- The replacement of an existing Adult Social Care Case Management System in order to meet the future requirements of the Personalisation agenda.

3.2.10 In accordance with statute and accounting guidance, only expenditure that is directly related to the purchase and implementation of software and hardware is included in the capital programme.

3.3 HOUSING REVENUE ACCOUNT (HRA)

3.3.1 Schemes that relate to the Housing Revenue Account are as shown in **Table 5** below.

Table 5: Housing Revenue Account Schemes

Bid Title	2011/12 £'000	2012/13 £'000	2013/14 £'000	Later Years £'000
HRA Main Scheme	7,633	6,884	6,884	0
Elm Park Gardens Basements	48	0	0	0
Office Construction - Blantyre Tower	240	0	0	0
Regeneration (Rolling Programme)	249	250	250	100
	8,170	7,134	7,134	100

HRA Main Scheme

- 3.3.2 Following the ending of supported borrowing, the only ongoing external funding available for the HRA Main Programme is the Major Repairs Allowance, which in 2010/11 was £6,834,000. A similar amount has been assumed in subsequent years.
- 3.3.3 Due to this reduction in capital resources, the Programme to be limited to schemes already in contract, required for decent homes compliance or necessary for health and safety reasons.
- 3.3.4 A stock condition survey in 2010 confirmed that a substantial level of investment is needed over the next 30 years. Resources to undertake these works are not currently available; it is hoped that the implementation of self financing will help to address this funding shortfall although the terms of the debt settlement have not yet been confirmed.

Other HRA Schemes

- 3.3.5 Projects that deserve special mention due to their size, complexity or financing issues are:
- a. **Elm Park Gardens Basements** is a scheme to redevelop basements for use as social housing, whilst funding the development work through the sale of some of the redeveloped basements. The project is substantially complete in 2010/11.
 - b. **Office Construction – Blantyre Tower** is a project to be funded by the Tenant Management Organisation for a new administration office.
 - c. **Regeneration rolling programme** projects support community development initiatives by enhancing estate security, improving tenants clubrooms and making estates more attractive places to live. Finance is provided by capital receipts.
 - d. The **Social Housing Energy Saving Programme** (SHESP) aims to help social landlords insulate hard to treat cavity walls, which would not normally have been filled under the Decent Homes programme, thereby making more homes much more energy efficient. This project is planned to be complete in 2010/11.

3.4 FINANCING THE PROGRAMME

- 3.4.1 The total capital spending and funding sources for all Business Groups from 2011/12 onwards are summarised in **Table 6** overleaf.

Table 6: Summary of Business Group Bids and Funding Sources

Business Group	2011/12 £'000	2012/13 £'000	2013/14 £'000	Later Years £'000	Total £'000
Family and Children's Services					
External Resources	30,934	22,421	8,352	2,036	63,743
Council Funding	3,115	4,900	1,115	0	9,130
TOTAL	34,049	27,321	9,467	2,036	72,873
Housing and Health - HRA					
External Resources	7,871	6,834	6,834	0	21,539
Council Funding	299	300	300	100	999
TOTAL	8,170	7,134	7,134	100	22,538
Housing and Health - General Fund					
External Resources	501	644	265	0	1,410
Council Funding	1,993	1,481	649	0	4,123
TOTAL	2,494	2,125	914	0	5,533
Housing, Health and Adult Social Care					
External Resources	8,372	7,478	7,099	0	22,949
Council Funding	2,292	1,781	949	100	5,122
TOTAL	10,664	9,259	8,048	100	28,071
Planning and Borough Development					
External Resources	150	150	0	0	300
Council Funding	47	60	60	50	217
TOTAL	197	210	60	50	517
Transport, Environment and Leisure Services					
External Resources	5,669	1,410	785	0	7,864
Council Funding	11,820	4,736	3,445	930	20,931
TOTAL	17,489	6,146	4,230	930	28,795
Corporate Services					
External Resources	0	0	0	100	100
Council Funding	7,330	6,921	8,953	1,190	24,394
TOTAL	7,330	6,921	8,953	1,290	24,494
All Business Groups					
External Resources	45,725	31,459	16,236	2,136	95,556
Council Funding	24,004	18,398	14,522	2,270	59,194
TOTAL	69,729	49,857	30,758	4,406	154,750

External Resources

3.4.2 Capital funding from external resources includes capital receipts, grants and contributions, the HRA Major Repairs Allowance and ring-fenced Dedicated Schools Grant. Please see **The Capital Programme Book Appendix 7, Table 12** and **The Capital Programme Book Appendix 7, Table 15** for further details.

3.4.3 A capital receipt from the sale of the Southern Site at Holland Park School, over and above that required to fund the cost of the rebuilt

school, is due in 2013. Some of this may be needed to fund the affordable housing requirement at Freston Road. This cost may be supplemented in the future by potential planning/sales overage payments received from the developer, but could be reduced by penalties in the very unlikely event that there is a late hand-over of the site.

Council Funding

3.4.4 Council funding is provided from the Council's own General Fund reserves, mainly the Capital Expenditure Reserve and Car Parking Reserve.

3.4.5 The Capital Expenditure Reserve is used to fund the Council's long term capital investment and therefore key to delivering the Capital Programme. The Programme assumes that annual revenue contributions continue to be made to capital spending at the current level of £5.5 million and that £40 million will be used to fund capital expenditure and revenue costs associated with capital expenditure from 2011/12. The projected balance in the reserve is £28 million at the end of 2013/14 as set out in **The Capital Programme Book Appendix 7, Table 13.**

3.4.6 The Car Parking Reserve can be used to fund eligible expenditure, both capital and revenue, from surpluses received from on street parking operations. The Council's projected use of the Car Parking Reserve is £14 million over the three years of the Programme, with a balance of £15 million remaining in the reserve at the end of 2013/14 as set out in **The Capital Programme Book Appendix 7, Table 14.** This assumes that current budgeted income levels can be maintained and charges increased where feasible.

3.4.7 Resources could fall further as pipeline schemes are added to the programme in the future e.g. if the Kensington Academy were to proceed together with the Kensington Leisure Centre (both at the current indicative costs) this would require additional council funding of £29 million, exhausting the Capital Expenditure Reserve.

3.4.8 To help judge the affordability of the Capital Programme, the Council sets a test of maintaining minimum balances of £15 million in each of the Capital Expenditure Reserve and Car Parking Reserve at the end of the third year of the Programme. The Capital Programme, as currently proposed, passes this test.

Borrowing

3.4.9 The underlying need to borrow for capital purposes, after all other sources of capital financing available are taken into account is the

'Capital Financing Requirement'. The Council's policy is that an increase in the Capital Financing Requirement will only be considered to fund:

- schemes of exceptional long-term strategic importance to the Council;
- spend to save or to support mainly self-financing projects;
- to cover temporary cash requirements pending an earmarked capital receipt; and, if required,
- to lever in external support for the most important local priorities.

3.4.10 **The Capital Programme Book Appendix 7, Paragraph 3a**

notes that there is no allocation of supported borrowing for 2011/12 or 2012/13 in the latest settlement announcement. Due to the use of external funding and the internal resources available, the Council has no additional Capital Financing Requirement in respect of the General Fund and Housing Revenue Account arising from the Capital Programme, as shown in **Table 1**.

3.5 AFFORDABILITY AND REVENUE COST

General Fund

3.5.1 As there is no planned borrowing over the next three years, the revenue effect of the Programme on the General Fund is limited to the loss of interest income as internal reserves are applied to fund expenditure. Borrowing, rather than using reserves, incurs external interest costs and a further statutory minimum provision for debt repayment in the following financial year in the case of the General Fund. It is therefore beneficial to use reserves, where available, rather than borrowing.

3.5.2 The Council's proposed Minimum Revenue Provision (MRP) for the repayment of General Fund debt incurred prior to this Programme is set out in **The Capital Programme Book Appendix 7, Table 16**. It summarises the calculation of the total budgeted revenue provision for debt repayment for 2011/12 which amounts to £1.5 million.

3.5.3 The effect of the 2011/12 Capital Programme on the Band D Council Tax in both 2011/12 and 2012/13 is neutral compared with the projections in the 2010/11 Capital Programme, as shown in **The Capital Programme Book Appendix 8, Table 18**. In approving the previous Capital Programme, Cabinet indicated that when the ratio of financing cost to budget requirement exceeded 6.7 per cent, this should 'trigger' an even more careful consideration of the

affordability of the Programme. The ratio over the next two financial years is 2 per cent.

Housing Revenue Account (HRA)

3.5.4 The revenue impact on the HRA depends on subsidy levels and there is little or no scope for unsubsidised capital expenditure due to the statutory constraints on rent increases and the anticipated HRA deficit.

3.5.5 In accordance with previous decisions, it is not proposed to make any Minimum Revenue Provision for debt repayment for the HRA as this would further reduce the already limited available capital resources.

3.6 TREASURY MANAGEMENT

3.6.1 The annual Treasury Strategy describes how finance for the Capital Programme will be managed and sets the related Treasury Management Prudential Indicators.

3.7 LEGAL AND PERSONNEL ISSUES

3.7.1 The Council must satisfy itself that it meets the requirements of the Prudential Code¹ for affordability e.g. implications for the Council Tax, prudence and sustainability (long-term implications of external borrowing).

3.7.2 The Capital Programme includes a number of schemes to upgrade and improve the property portfolio of the Business Groups. This will improve the built environment for both service users and staff.

3.8 DIVERSITY IMPLICATIONS

3.8.1 The Council's buildings provide services to customers and clients with a wide range of backgrounds and abilities. The Council's Equality Scheme and Action Plan commits the Council to improving the accessibility of its buildings. The Capital Programme therefore includes a number of schemes designed to achieve these improvements. The implications of individual projects are either

¹ Introduced by Section 3(5) of the Local Government Act 2003 in England and Wales

included in the Capital Budget Reports submitted to the Overview and Scrutiny Committees or will be included in more detail in the relevant Key Decision Reports.

3.8.2 The Council made a commitment that all its buildings with public areas will have costed accessibility audits and planned follow up actions by March 2010. The list of buildings with poor access as at November 2010 is set out in **The Capital Programme Book Appendix 5**. Improvement proposals are listed together with the likely change in grading.

3.9 ENVIRONMENT SUSTAINABILITY

3.9.1 The Council's 'Environment Strategy - For a More Sustainable Future - 2006 - 2011' sets out how the Council will demonstrate leadership in developing sustainable solutions to environmental problems. This includes how the Council can influence good practice from its suppliers and contractors through procurement policies and the application of whole life costing.

3.9.2 All capital bids are required to describe how the objectives of the Environment Strategy will be met and how the scheme explicitly takes account of its own impact on the environment, both within and outside the Royal Borough.

3.10 RECOMMENDATIONS

The Cabinet recommends Council to:

- (a) Approve the Capital Programme, including the associated expenditure and funding, subject to confirmation of any external resources where relevant, as summarised in **Table 1, The Capital Programme Book Appendix 4** and **The Capital Programme Book Appendix 6** and set out in detail in **The Capital Programme Book Annex 1**, including:
- revisions to the 2010/11 capital budget;
 - inclusion of schemes for 2011/12, being the first year of the three year Capital Programme, set out in **Table 1**, subject to further specific approval being required for schemes not yet approved, as highlighted in **Table 3** or as otherwise decided by Members; and
 - inclusion of schemes starting in 2012/13 and 2013/14 for planning purposes only.

- (b) Note that where external funding is not yet certain, any scheme approved will be subject to review in the event that the confirmed external funding differs from than that assumed in the Programme.
- (c) Note the pipeline schemes not yet included in the Programme, as set out in **paragraph 3.1.6** and **The Capital Programme Book Appendix 3**.
- (d) As referred to in **The Capital Programme Book Appendix 7, Paragraph 1(a)**, determine that capital receipts in respect of non-dwelling HRA sales be treated as reduced in accordance with the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 up to the value of the available capital allowance.
- (e) Note the grading applied to the accessibility to buildings, as set out in **The Capital Programme Book Appendix 5**.
- (f) Note the retention of minimum balances of at least £15 million in each of the Capital Expenditure Reserve and the Car Parking Reserve at the end of 2013/14.
- (g) Agree that revenue costs associated with capital schemes can be funded from revenue contributions to the Capital Expenditure Reserve as set out in **paragraph 3.4.5 and the Capital Programme Book, Appendix 9**.
- (h) As set out in **The Capital Programme Book Appendix 7, paragraph 4c**, the Council uses the CFR Method (Option 2) to calculate a prudent level of MRP for capital expenditure prior to 1 April 2008 and the Asset Life Method (Option 3) for capital expenditure after to 1 April 2008.
- (i) Agree the calculation of the General Fund Minimum Revenue Provision for debt repayment in 2011/12 and to make no provision in respect of the HRA in 2011/12 as set out in **paragraph 3.5.2 and paragraph 3.5.5 and the Capital Programme Book, Appendix 7, paragraph 4b**.
- (j) Agree the Capital Financing Requirement as a result of the proposed Capital Programme, in accordance with the requirements of the Prudential Code, as set out in **paragraph 3.4.10 and The Capital Programme Book Appendix 8, Table 17**.
- (k) Agree the affordability and sustainability of the revenue impact of the Programme on the Council Tax and the Housing Revenue Account, in accordance with the requirements of the Prudential

Code, as set out in **paragraph 3.5.3 – 3.5.5** and **The Capital Programme Book Appendix 8, Table 18** and **Table 19**.

- (l) Agree the capital strategy at **The Capital Programme Book Annex 2**.

Nicholas Holgate
Executive Director for Finance, Information Systems and Property

Background Papers:

Property Strategy
Capital Programme 2010/11 – 2012/13
Scheme bid submissions

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