

Meeting:	Cabinet
Date:	16 February 2006
Subject:	Final Capital Programme 2006-07 to 2008-09
Responsible Officer:	Myfanwy Barrett, Director of Financial and Business Strategy
Contact Officer:	As above
Portfolio Holder:	Business Connections and Performance
Key Decision:	Yes
Status:	Part 1

Section 1: Summary

Decision Required

To approve the capital programme for 2006-07 to 2008-09.

Reason for report

To ensure that the capital programme is approved in a timely manner

Benefits

An agreed programme of work for 2006-07 will provide the necessary authority for projects to be carried out.

Cost of Proposals

The programme for 2006-07 totals £61m net of external funding, of which £8m is Housing Revenue Account and £53m is general fund.

Risks

That a programme will be approved that is not affordable or deliverable.

Implications if recommendations rejected

Planning for the work to be completed next year will be less effective and the risk of slippage will increase.

Section 2: Report

2.1 Brief History

In September officers compiled outline business cases for the projects they wished to submit for 2006-07 to 2008-09.

These business cases were evaluated against four critical criteria, namely:

- Strategic objectives – How will the project contribute to the Council's strategies and plans?
- Benefits and outcomes – What benefits will be delivered and how will they be measured?
- Financial implications – including initial capital cost, ongoing capital and revenue implications, and sources of funding
- Deliverability

Following the evaluation the draft programme was assembled in consultation with senior managers and Portfolio Holders. The proposed programme is attached as Appendix 1 to this report.

The new programme for 2006-07 includes:

- The three core projects within the Business Transformation Partnership as approved by Cabinet in September (£15.2m)
- A provision for new projects emerging from the BTP once business cases have been completed and approved
- ICT infrastructure projects
- The Town Centre project
- The Housing Improvement Programme in line with the stock retention option that was selected following the options appraisal (£7.2m)
- General Fund housing projects such as disabled facilities grants and affordable warmth schemes

- Canon's Park historic restoration and other heritage projects
- Highways and street lighting
- Parks
- Transport and traffic schemes
- Public Realm improvements
- A provision for economic development and regeneration projects
- Education modernisation and improvement
- Social care establishment improvements
- Redevelopment of Bessborough Road
- A provision for sport and leisure projects
- Arts and Culture projects

The first three BTP projects are First Contact, ERP (finance, HR and procurement system), and management information. The programme also makes a provision for future projects to be carried out under the partnership, which are subject to full business cases being approved. Such projects may include:

- Corporate wide electronic document management including Electronic Social Care Records, Revenues and Benefits document imaging and workflow, and planning
- Mobile Working, particularly in Urban Living services
- E-government improvements
- GIS improvements
- Enhancements to the ERP system such as project management

The total value of the programme is £76m for 2006-07, with external funding of £15m and a net cost to the Council of £61m.

2.2 Capital financing

The two key factors in determining the 3 year programme are affordability and deliverability.

As shown in the Appendix, the capital programme is funded from a number of sources. These include:

- External Funding in the order of £15m, primarily from the DfES and Transport for London
- Major Repairs Allowance (Housing Revenue Account)
- Capital Receipts (expected to be around £5m)
- Supported and unsupported borrowing.

Total planned general fund borrowing amounts to £41m in 2006-07, £33m in 2007-08 and £21m in 2008-09. Total planned HRA borrowing amounts to £3m in 2006-07, £2m in 2007-08 and £1m in 2008-09. The capital financing costs associated with this borrowing are reflected in the final medium term revenue budgets for 2006-07 to 2008-09.

For the general fund, any government support for borrowing is included in the total revenue support grant.

It should be noted that the capital financing costs are based on a number of assumptions about the level of capital expenditure, level of capital receipts, timing of any borrowing, interest rates, and use of the minimum revenue provision. The revenue budget reflects the best estimate based on these assumptions.

With regard to deliverability, each scheme has been assessed and is believed to be deliverable within the timescales of the programme. However, there may be unforeseen events which lead to future deliverability issues and any such issues will be reported to Cabinet as part of monitoring of the Capital Programme for next year.

2.3 Consultation

Consultation is being carried out with a range of stakeholders as part of the wider budget consultation process.

2.4 Financial Implications

These are covered within the body of the report.

2.5 Legal Implications

None

2.6 Equalities Impact

Many of the projects listed in the draft programme have a direct equalities impact, for instance improvements to disabled access and improved facilities for children and older people.

2.7 Section 17 Crime and Disorder Act 1998 Considerations

N/a

Section 3: Supporting Information/Background Documents

Appendix 1 – Final Capital Programme 2006-07 to 2008-09

	2006-07			2007-08			2008-09		
	£000	£000	£000	£000	£000	£000	£000	£000	£000
	Gross	External	Net	Gross	External	Net	Gross	External	Net
Chief Executive's									
Strategic Planning	2,900		2,900	10,700		10,700	1,700		1,700
Economic Development and Regeneration	1,500		1,500	1,000		1,000	1,000		1,000
Sub total	4,400	0	4,400	11,700	0	11,700	2,700	0	2,700
People First									
Bessborough House Replacement	1,000	1,000	0	1,000		1,000	0		0
Education Modernisation and Improvement Projects	2,915	2,915	0			0	0		0
Grange F&M Schools: Replace Temporary Accom.	600	600	0	0		0	550		550
Grange F&M Schools: Replace Temporary Class Rooms	299		299	0		0	0		0
Harrow Adult Learning Centre	1,100	1,000	100	0		0	0		0
Harrow Integrated Community Equipment Store	295		295	350		350	350		350
Harrow Teachers' Centre - new windows	0		0	80		80	210		210
Haslam House Children's Home	500		500	250		250	0		0
Hatch End - Arts Centre - Music Store	0		0	45		45	0		0
Hatch End (Arts Centre) Site - Modernisation & Security Improvements	85		85	85		85	15		15
HOST Programme Extension	1,612		1,612	328		328			0
Kenton Library Extension	0		0	50		50	421		421

	2006-07			2007-08			2008-09		
	£000	£000	£000	£000	£000	£000	£000	£000	£000
	Gross	External	Net	Gross	External	Net	Gross	External	Net
Leisure Centre - Heating Controls	60		60	100		100	0		0
Leisure Centre and Hatch End Pool - Major Repairs	100		100	100		100	100		100
Libraries refurbishment	55		55	55		55	90		90
Milmans Community Resource Ctre - Modernisation of the Reception - Dining/Activity and Day Rooms	0		0	150		150	0		0
Minor Works - education properties	100		100	80		80	0		0
New Alexandra Centre - Loose Furniture and Equipment	93		93	0		0	0		0
Occupational Therapy Department Adaptations for People with Disabilities	150		150	150		150	0		0
Pinner Road refurbishment	0	0	0	50		50	680		680
Rooks Heath High 14/19 Agenda	1,059	1,059	0	1,250		1,250	0		0
Roxeth F&M School Admin/IT/Music Suite Ph 2	30	30	0	0		0	0		0
School Amalgamation support	317	17	300	0		0	0		0
Silverdale Children's Home - Refurb & Modernisation	199		199	100		100	0		0
Social Care Sites - minor works	420		420	105		105	0		0
Sport and Leisure provision	400		400	550		550	750		750
Supported Housing for Service Users Living with HIV	825	825	0	200	100	100	0		0
The Firs - Modernise and extend	200		200	0		0	0		0

	2006-07			2007-08			2008-09		
	£000	£000	£000	£000	£000	£000	£000	£000	£000
	Gross	External	Net	Gross	External	Net	Gross	External	Net
Vaughan Centre Health and Safety & Refurb. Works	0		0	60		60	0		0
Weald First & Middle School - Access & Relocate Admin.	140	140	0	275	275	0	150		150
Sub total People First	12,554	7,586	4,968	5,413	375	5,038	3,316	0	3,316
Urban living - Housing (General Fund)									
Affordable Warmth	250		250	250		250	250		250
Disabled Facilities Grants	1,050	500	550	1,050	500	550	1,050		1,050
Empty Property Grants	200		200	200		200	200		200
Heating Harrow Greener Scheme	400	150	250	250		250	200		200
Private Sector Housing (Renovation Grants)	1,250		1,250	1,250		1,250	1,250		1,250
Warmfront Top Up Fund	30		30	30		30	30		30
Sub total	3,180	650	2,530	3,030	500	2,530	2,980	0	2,980
Urban Living - Housing (HRA)									
HRA Housing Capital Programme (HRA)	7,174		7,174	7,338		7,338	7,513		7,513
Aids and adaptations to council houses (HRA)	500		500	500		500	500		500
Sub total	7,674	0	7,674	7,838	0	7,838	8,013	0	8,013

	2006-07			2007-08			2008-09		
	£000	£000	£000	£000	£000	£000	£000	£000	
	Gross	External	Net	Gross	External	Net	Gross	External	Net
Urban living - Non Housing									
Canons Park Historic Restoration	1,095	1,095	0	0		0	0		0
Catering - Civic Centre	50		50	50		50	0		0
Catering CDU including Milap Kitchen	1,000		1,000	0		0	250		250
Catering in schools	500		500	1,500		1,500	1,000		1,000
CCTV Control Room - expansion	250		250	500		500	500		500
Cemetery - new provision	450		450	450		450	250		250
Civic Centre & Depot enhancements	1,400		1,400	500		500	500		500
Crematorium / cemeteries - enhancements	400		400	400		400	100		100
Disabled Discrimination Act Works to Buildings	250		250	250		250	275		275
Drainage / watercourse management / flood alleviation	750		750	750		750	750		750
Energy Efficiency Works to Corporate Buildings	100		100	100		100	100		100
Harrow Heritage Trust - Grant	15		15	15		15	15		15
Heritage projects (Headstone Manor, West House)	750		750	1,000		1,000	1,000		1,000
High Priority Major Works to Corporate Buildings	1,500		1,500	1,750		1,750	1,850		1,850
Parks, Open Spaces and Trees	1,250		1,250	1,000		1,000	1,000		1,000
Petts Hill Bridge	0		0	568		568	284		284
Prince Edward Playing Fields	750		750			0			0
Public Convenience Provision 2005-8	100		100	350		350	350		350

	2006-07			2007-08			2008-09		
	£000	£000	£000	£000	£000	£000	£000	£000	£000
	Gross	External	Net	Gross	External	Net	Gross	External	Net
Public Realm / Highway Planned Improvements (hard)	4,250		4,250	4,000		4,000	4,000		4,000
Recycling Schemes	100		100	100		100	100		100
School Landlord Works (Responsive Repairs)	750		750	750		750	800		800
Street Lighting	2,000		2,000	2,000		2,000	2,000		2,000
Transportation & Traffic Management	850		850	750		750	750		750
Wealdstone Centre	250		250	500		500	250		250
Transport for London Schemes (estimate)	6,000	6,000	0	6,000	6,000	0	6,000	6,000	0
Sub total	24,810	7,095	17,715	23,283	6,000	17,283	22,124	6,000	16,124
Capitalisation & Programme Management									
Highways & Urban Living Salaries Capitalisation	590		590	490		490	490		490
IT Development Costs	450		450	450		450	450		450
Provision for Small Schemes	250		250	250		250	250		250
Sub total	1,290	0	1,290	1,190	0	1,190	1,190	0	1,190
Total Programme	76,360	15,331	61,029	58,248	6,875	51,373	43,805	6,000	37,805

Total HRA	7,674	0	7,674	7,838	0	7,838	8,013	0	8,013
Total GF	68,686	15,331	53,355	50,410	6,875	43,535	35,792	6,000	29,792

	2006-07	2007-08	2008-09
<u>Financing</u>			
HRA			
Capital Receipts	500	500	500
Major Repairs Allowance	4,267	5,114	4,945
Borrowing	2,907	2,224	1,301
Contribution from the HRA	0	0	1,267
General Fund			
Assumed slippage @ 15%	8,003	6,530	4,469
LPSA Reward Grant	500	500	
Capital Receipts	4,000	4,000	4,000
Borrowing	40,852	32,505	21,323
Additional capital financing costs			
Interest	1,817 *	1,467	1,077
MRP	1,000 *	1,634	1,300
Set off interest on MRP	-45	-74	-59
	<u>2,772</u>	<u>3,028</u>	<u>2,318</u>

*Assumes new borrowing of £25m in 2005-06