

Meeting:	Cabinet
Date:	14 December 2006
Subject:	Draft Capital Programme 2007-08 to 2009-10
Key Decision: (Executive-side only)	Yes
Responsible Officer:	Myfanwy Barrett Director of Financial and Business Strategy
Portfolio Holder:	David Ashton Deputy Leader Portfolio Holder for Finance and Business Matters
Exempt:	No
Enclosures:	None

SECTION 1 – SUMMARY AND RECOMMENDATIONS

This report sets out the draft capital programme for 2007-08 to 2009-10.

RECOMMENDATIONS:

The Cabinet agrees the draft capital programme for 2007-08 to 2009-10.

REASON: To publish the draft capital programme.

SECTION 2 - REPORT

Context

1. In recent years the Council has seen high levels of capital investment to catch up with backlog maintenance and undertake new projects such as the BTP. In 2007-08 the programme is being scaled back down to £29m (net of external income). This reflects the difficult financial position of the Council, and the need to control the revenue cost implications of capital expenditure.
2. A 10 year investment plan is currently under development and this will be reported to cabinet in February along with the treasury management strategy and prudential indicators.

Development of the new programme

3. In August this year, the Cabinet agreed to revise the current capital programme for 2006-07 to 2008-09. This was to ensure that the capital programme was affordable and sustainable.
4. In September officers reviewed the existing programme and compiled outline business cases for the new projects they wished to submit for 2007-08 to 2009-10.
5. 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
6. Following the evaluation the draft programme was assembled in consultation with senior managers and Portfolio Holders. The draft programme is attached as Appendix 1 to this report.
7. The new programme for 2007-08 includes:
 - The final stages of the three core projects within the Business Transformation Partnership as approved by Cabinet in September 2005
 - A provision for new projects emerging from the BTP once business cases have been completed and approved
 - ICT infrastructure projects and Disaster Recovery
 - The Town Centre project
 - A provision for economic development and regeneration projects
 - The Housing Improvement Programme in line with the stock retention option that was selected following the options appraisal

- General Fund housing projects such as disabled facilities grants and affordable warmth schemes
 - Heritage projects
 - Public Realm improvements
 - Transport and traffic schemes
 - Education modernisation and improvement
 - Social care establishment improvements
 - Replacement of Bessborough Road
 - A provision for sport and leisure projects
8. The first three BTP projects are First Contact, ERP (finance, HR, procurement and real estate 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. Business cases are in development for:
- Electronic Social Care Records
 - Remote and mobile working
 - Document imaging and workflow
9. The value of the general fund programme is £73m for 2007-08, with external funding of £44m and a net cost to the Council of £29m. The Housing programme is £7m.

Capital financing

10. The capital programme is funded from a number of sources. These include:
- External Funding in the order of £44m, primarily from the DfES (if bids are successful) and Transport for London
 - Major Repairs Allowance (Housing Revenue Account)
 - Capital Receipts (expected to be around £5m)
 - Supported and unsupported borrowing
11. Supported borrowing is recognised by the government and the general formula grant includes provisions for the revenue cost of the borrowing. Unsupported borrowing does not attract any revenue grant support.
12. Total planned general fund borrowing amounts to £23m in 2007-08, £19m in 2008-09 and £16m in 2009-10. Total planned HRA borrowing amounts to £2m in 2007-08, £1m in 2008-09 and £1m in 2009-10. The capital financing costs associated with this borrowing are reflected in the draft medium term revenue budget for 2007-08 to 2009-10.
13. For the general fund, any government support for borrowing is included in the total general formula grant.
14. 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.

15. 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.

SECTION 3 - STATUTORY OFFICER CLEARANCE

Chief Finance Officer	<input checked="" type="checkbox"/>	Name: Myfanwy Barrett
		Date: 8 December 2006
Monitoring Officer	<input checked="" type="checkbox"/>	Name: Hugh Peart
		Date: 8 December 2006

SECTION 4 - CONTACT DETAILS AND BACKGROUND PAPERS

Contact: Myfanwy Barrett
Director of Financial and Business Strategy
020 8420 9269

Background Papers:

- Report to Cabinet in August setting out revised capital programme for 2006-07 to 2008-09

Any person wishing to inspect the background papers should telephone 020 8424 5269

DRAFT CAPITAL PROGRAMME 2007-08 TO 2009-10

GENERAL FUND	2007-08			2008-09			2009-10		
	£000	£000	£000	£000	£000	£000	£000	£000	£000
	Gross	External	Net	Gross	External	Net	Gross	External	Net
Corporate									
Strategic IT Partnership BTP	4,764		4,764	2,210		2,210			0
Provision for new BTP Projects	2,000		2,000	2,000		2,000	2,000		2,000
Sub Total	6,764	0	6,764	4,210	0	4,210	2,000	0	2,000
Business Development									
Disaster Recovery	1,000		1,000			0			0
HITS Infrastructure refresh	1,000		1,000	1,000		1,000	1,000		1,000
Programme Management Office	180		180	180		180	180		180
Sub total	2,180	0	2,180	1,180	0	1,180	1,180	0	1,180
People First									
ASD provision in schools (new bid)			0	800		800	700		700
Bedford House - refurbishment							300		300
Bessborough House Replacement	500		500	1,400	-1,000	400			0
Catering in schools	300		300	680		680	1,000		1,000
Childrens Centre Funding	563	-563	0			0			0
Education Modernisation & Improvements	2,900	-2,900	0	2,900	-2,900	0	2,900	-2,900	0
Extended schools	320	-320	0						
Harrow Integrated Community Eqpmnt Store	190		190	700		700	105		105

	2007-08			2008-09			2009-10		
GENERAL FUND	£000	£000	£000	£000	£000	£000	£000	£000	£000
	Gross	External	Net	Gross	External	Net	Gross	External	Net
Haslam House Children's Home	250		250	0		0	0		0
Hatch End (Arts Centre) Site - Modernisation & Security Improvements	50		50	35		35			0
High school No 1 - rebuild BSF	23,000	-23,000	0						
HIV Supported Housing	200	-200	0	0		0	0		0
HOST Programme Extension	328		328			0			0
Leisure Centre - Heating Controls	100		100	0		0	0		0
Leisure Ctre & Hatch End Pool - Major Repairs	100		100	100		100			0
Libraries refurbishment	30		30	50		50	50		50
Milmans Community Resource Ctre - ground floor reorganisation			0			0	150		150
Neighbourhood resource centre - F&E				100		100	550		550
Neighbourhood resource centre - construction	10,000	-10,000	0						
Occupational Therapy Department Adaptations for People with Disabilities	150		150	150		150	150		150
Pinner Road refurbishment	50		50	0		0			0
Rooks Heath High 14/19 Agenda	1,550	-300	1,250	59	-59	0			0
School Amalgamation support	200		200	200		200	200		200
Shaftesbury High School - new build (new bid)			0	350	-250	100	250		250
Skills Centre extension (new bid)	300	-60	240	100		100			
Social Care Sites - minor works	105		105	100		100	100		100
Sport and Leisure provision	300		300	480		480	480		480
Sub total	41,486	-37,343	4,143	8,249	-4,209	4,040	6,935	-2,900	4,035

		2007-08		2008-09			2009-10		
GENERAL FUND	£000	£000	£000	£000	£000	£000	£000	£000	£000
	Gross	External	Net	Gross	External	Net	Gross	External	Net
Urban living - Housing (General Fund)									
Affordable Warmth	225		225	225		225	225		225
Vernon Lodge landlord's work	80		80						
Disabled Facilities Grants	850	-510	340	1,050	-630	420	1,050	-630	420
Empty Property Grants	100		100	100		100	100		100
Heating Harrow Greener Scheme	225		225	225		225	225		225
Private Sector Housing (Renovation Grants)	1,100		1,100	1,100		1,100	1,100		1,100
Warmfront Top Up Fund	30		30	30		30	30		30
Sub total	2,610	-510	2,100	2,730	-630	2,100	2,730	-630	2,100
Urban living - Non Housing									
Corporate Accommodation	842		842	1,025		1,025	750		750
Crematorium / cemeteries - enhancements	850		850	350		350			0
Disabled Discrimination Act Works to Buildings	50		50	100		100	50		50
Energy Efficiency Works to Corporate Buildings	35		35	50		50	50		50
Heritage projects	250		250	250		250	250		250
High Priority Major Works Corporate Buildings	1,000		1,000	2,000		2,000	1,500		1,500
Petts Hill Bridge	568		568	284		284			0
Prosperity Action Teams	315		315	315		315	315		315
Public Realm Infrastructure	5,040		5,040	6,500		6,500	7,000		7,000
Recycling Schemes	833	-233	600	100		100	100		100
School Landlord Works (Responsive Repairs)	750		750	750		750	750		750
Transport for London Schemes	6,000	-6,000	0	6,000	-6,000	0	6,000	-6,000	0

		2007-08		2008-09			2009-10		
GENERAL FUND	£000	£000	£000	£000	£000	£000	£000	£000	£000
	Gross	External	Net	Gross	External	Net	Gross	External	Net
Strategic Development	1,500		1,500	3,200		3,200	4,000		4,000
Sub total	18,033	-6,233	11,800	20,924	-6,000	14,924	20,765	-6,000	14,765
Capitalisation & Programme Management									
Capitalisation of various items	2,000		2,000	2,000		2,000	2,000		2,000
Provision for Small Schemes etc	250		250	250		250	250		250
Sub total	2,250	0	2,250	2,250	0	2,250	2,250	0	2,250
Total Programme	73,323	-44,086	29,237	39,543	-10,839	28,704	35,860	-9,530	26,330

HOUSING REVENUE ACCOUNT	2007-08			2008-09			2008-09		
	£000	£000	£000	£000	£000	£000	£000	£000	
	Gross	External	Net	Gross	External	Net	Gross	External	Net
Urban Living - Housing (HRA)									
HRA Housing Capital Programme	6,842		6,842	5,097		5,097	5,294		5,294
Aids and adaptations to council houses	500		500	500		500	500		500
TOTAL	7,342	0	7,342	5,597	0	5,597	5,794	0	5,794