

Meeting: Cabinet

Date: 15 February 2007

Subject: Final Capital Programme

2007-08 to 2009-10

Key Decision: Yes

(Executive-side only)

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 final capital programme for 2007-08 to 2009-10.

RECOMMENDATIONS:

The Cabinet agrees:

- 1. the final capital programme for 2007-08 to 2009-10.
- 2. the use of capital receipts from the sale of land and other assets held within the Housing Revenue Account for specified purposes (paragraph 17)

REASON: To confirm the capital programme.

SECTION 2 - REPORT

Context

 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). The figures are shown in the table below:

Capital Expenditure (net of External Funding)

2005-06	2006-07	2007-08
£44m	£53m	£29m

- 2. The planned reduction to £29m next year reflects the difficult financial position of the Council, and the need to control the revenue cost implications of capital expenditure.
- 3. A 10 year investment plan is currently under development as part of a wider balance sheet review and this will be reported to cabinet in due course.

Development of the new programme

- 4. 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.
- 5. 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.
- 6. 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
- 7. Following the evaluation the programme was assembled in consultation with senior managers and Portfolio Holders.
- 8. 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
- 9. 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
- 10. The main changes to the programme since December are:
 - Increase in the level of investment in the housing stock
 - Phasing of the building schools for the future project
- 11. The value of the general fund programme is £49.3m for 2007-08, with external funding of £20.1m and a net cost to the Council of £29.2m. The Housing programme is £12.3m.

Capital financing

- 12. The capital programme is funded from a number of sources. These include:
 - External Funding in the order of £20.1m, primarily from the DfES and Transport for London
 - Major Repairs Allowance (Housing Revenue Account)
 - Capital Receipts (expected to be around £5m in 2007-08)
 - Supported and unsupported borrowing
- 13. 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.
- 14. Total planned general fund borrowing amounts to £24m in 2007-08, £19m in 2008-09 and £16m in 2009-10. Total planned HRA borrowing amounts to £7m in 2007-08, £7m in 2008-09 and £5m in 2009-10. The capital financing costs associated with this borrowing are reflected in the medium term revenue budget for 2007-08 to 2009-10.

- 15. For the general fund, any government support for borrowing is included in the total general formula grant.
- 16. 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.
- 17. 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 vear.
- 18. As part of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 councils are required to pool a certain percentage of all capital receipts from the sale of all properties held by the Housing Revenue Account. However, it is possible for the council to retain (and use) 100% of receipts for land and non 'right to buy' sales if it has made a decision in advance that the receipts will be used for 'specified purposes'. Specified purposes are affordable housing and regeneration. Cabinet is therefore recommended to make a decision that all such future receipts will be used for specified purposes.

SECTION 3 - STATUTORY OFFICER CLEARANCE

Chief Finance Officer	✓ Name: Myfanwy Barrett
	Date: 1 February 2007
Monitoring Officer	✓ Name: Hugh Peart
	Date: 6 February 2007

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
- Report to Cabinet in December setting out the draft capital programme for 2006-07 to 2009-10

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

APPENDIX 1

CAPITAL PROGRAMME 2007-08 to 2009-10

£000 £000 <th< th=""><th></th><th></th><th>2007-08</th><th></th><th></th><th>2008-09</th><th></th><th></th><th>2009-10</th><th></th></th<>			2007-08			2008-09			2009-10	
5,075 5,075 2,210 2,210 2,210 2,000 <th< th=""><th>GENERAL FUND</th><th>0003</th><th>0003</th><th>€000</th><th>£000</th><th>0003</th><th>0003</th><th>€000</th><th>£000</th><th>£000</th></th<>	GENERAL FUND	0003	0003	€000	£000	0003	0003	€000	£000	£000
5,075 5,075 2,210 2,200 2,000 2,000 2,000 2,000 1,000		Gross	External	Net	Gross	External	Net	Gross	External	Net
5,075 5,075 2,210 2,210 2,200 2,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,180 <th< td=""><td>Corporate</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></th<>	Corporate									
2,000 2,000 2,000 2,000 2,000 2,000 2,000 2,000 1,000	Strategic IT Partnership BTP	5,075		5,075			2,210			0
1,000 1,000	Provision for new BTP Projects	2,000		2,000			2,000			2,000
id) id) id) id) id) id) id) id)	Sub Total	7,07		7,075			4,210		0	2,000
1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,180 1,180 1,180 1,180 1,180 1,180 1,180 1,180 1,000										
1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,180	Business Development									
1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,180 1,180 1,180 1,180 1,180 1,180 1,180 1,180 1,180 1,180 1,000	Disaster Recovery	1,000		1,000			0			0
1480 180 180 180 180 180 180 180 180 180 1	HITS Infrastructure refresh	1,000		1,000	1,000		1,000	1,000		1,000
bid) ent 500 500 1,180 700 700 300 503 -563 0 1,900 -1,900 0 2,900 105 0 1,900	Programme Management Office	180		180	180		180	180		180
bid) ent 500 500 1,400 -1,000 400 300 503 680 680 1,000 563 -563 0 1,900 -1,900 0 2,900 320 -3,946 0 1,900 -1,900 0 2,900 320 -320 0 0 2,900 563 -563 0 1,900 1,900 1,900 105	Sub total	2,180		2,180	1,180		1,180	1,180	0	1,180
bid) ent 500 500 1,400 -1,000 400 300 680 680 1,000 563 -563 0 1,900 -1,900 0 2,900 320 -3.946 0 1,900 -1,900 0 2,900 320 -320 0 190 700 700 105										
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ent 500 1,400 -1,000 400 300 680 680 1,000 680 1,000 563 -563 0 1,900 -1,900 0 2,900 320 -320 0 190 700 700 700 105 0 10	ASD provision in schools (new bid)			0	800		800	200		200
ent 500 500 1,400 -1,000 400 300 680 680 1,000 563 -563 0 1,900 -1,900 0 2,900 320 -3,946 0 1,900 -1,900 0 2,900 320 -320 0 2,900 320 -320 0 2,900 320 320 320 320 320 320 320 320 320 3	Bedford House - refurbishment							300		300
300 300 680 1,000 1,000 563 -563 0 0 1,900 -1,900 0 2,900 320 -320 0 190 700 700 700 105 105 105 105 105 105 105 105 105 1	Bessborough House Replacement	200		200	1,400		400			0
563 -563 0 0 1,900 -1,900 0 2,900 3,946 -3,946 0 1 0 1,900 -1,900 0 2,900 1 0 190 190 105 105 105 105 105 105 105 105 105 10	Catering in schools	300		300	089		680	1,000		1,000
3,946 -3,946 0 1,900 -1,900 0 2,900 320 -320 0 190 700 700 105 105 105 105 105 105 105 105 105 1	Childrens Centre Funding	563		0			0			0
Community Eqpmnt Store	Education Modernisation & Improvements	3,946		0	1,900		0	2,900	-2,900	0
190 190 700 700	Extended schools	320		0						
250	Harrow Integrated Community Eqpmnt Store	190		190	700		700	105		105
h 0 hcz 0cz	Haslam House Children's Home	250	_	250	0		0	0		0

GENERAL FUND £000		2007-08			7	2008-09			2009-10	
Store Gross External Net Description Net Net Description Net	GENERAL FUND	£000	£000	£000	£000	£000	£000	€000	£000	£000
Store Security 50 50 45 35 35 35 35 35 35 35 35 35 35 35 35 35		Gross	External	Net	Gross	External	Net	Gross	External	Net
Security 50 50 45 45 45 45 45 45 45 45 45 45 45 45 45				C	Ļ		Ţ			(
Security 50 50 35 35 35 35 35 36 36 36 36 36 36 36 36 36 36 36 36 36	Hatch End - Arts Centre - Music Store			5	45		45			0
FRE Treashflow) 8,000 -8,000 0 15,000 -15,000 0 0 8,494 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Hatch End (Arts Centre) Site - Modernisation & Security Improvements	20		20	35		35			0
Sample 200 -200 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	High school No 1 - rebuild BSF (draft cashflow)	8,000		0	15,000		0		-8,494	0
328 328 328 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	HIV Supported Housing	200	-200	0	0		0			0
False Factorial floor 100 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	HOST Programme Extension	328		328			0			0
Major Repairs 100 100 100 100 50 70 70 70 70	Leisure Centre - Heating Controls	100		100	0		0	0		0
FRE 100 floor 150	Leisure Ctre & Hatch End Pool - Major Repairs	100		100	100		100			0
F&E 156 167 178 179 170 170 170 170 170 170 170	Libraries refurbishment	30		30	50		50			50
F&E 100 100 550 11 Adaptations for Interventions for Interventions for Intervention and (new bid) 150 <th< td=""><td>Milmans Community Resource Ctre - ground floor reorganisation</td><td></td><td></td><td>0</td><td></td><td></td><td>0</td><td></td><td></td><td>150</td></th<>	Milmans Community Resource Ctre - ground floor reorganisation			0			0			150
150	Neighbourhood resource centre - F&E				100		100			550
50 50 0 0 0 0 1,550 -300 1,250 59 -59 0 200 200 200 350 -250 100 250 300 -60 240 100 100 100 100 100 300 300 300 300 480 4,143 22,249 -18,209 4,040 15,429	Occupational Therapy Department Adaptations for People with Disabilities	150		150	150		150			150
uild (new bid) 1,550 -300 1,250 59 -59 0 200 200 200 200 300 -60 240 100 100 105 105 100 100 300 300 480 480 17,532 -13,389 4,143 22,249 -18,209 4,040 15,429	Pinner Road refurbishment	20		20	0		0			0
200 200 200 200 200 200 200 200 200 200	Rooks Heath High 14/19 Agenda	1,550	-300	1,250	29	-59	0			0
uild (new bid) 300 -60 240 100 100 105 105 100 100 300 300 480 480 17,532 -13,389 4,143 22,249 -18,209 4,040 15,429	School Amalgamation support	200		200	200		200			200
300 -60 240 100 100 105 105 100 100 100 300 300 480 480 480 480 480 480 480 480 480 480 480 480 480 480 480 480 480 480 480 480 480 480 480 480 480	Shaftesbury High School - new build (new bid)			0	350	-250	100			250
105 105 106 100 100 300 300 480 480 480 17,532 -13,389 4,143 22,249 -18,209 4,040 15,429	Skills Centre extension (new bid)	300	09-	240	100		100			
300 300 480 480 480 480 480 480 480 480 47,532 -13,389 4,143 22,249 -18,209 4,040 15,429	Social Care Sites - minor works	105		105	100		100			100
17,532 -13,389 4,143 22,249 -18,209 4,040 15,429	Sport and Leisure provision	300		300	480		480			480
	Sub total	17,532	-13,389	4,143	22,249	-18,209	4,040		-11,394	4,035

GENERAL FUND £000	Exter E00	£000 Net 225 80 335 100 1,100 30 2,095 850 850	Gross Gross 225 838 100 225 1,100 30 2,518	£000 External -503	225 0 335 1,100 30	£000 Gross	£000 External	£000 Net
General Fund) Cross External Net Gross General Fund) 225 225 225 225 works 838 -503 338 838 s 100 100 100 Scheme 225 225 225 Renovation Grants) 1,100 1,100 1,100 sing 50 2,598 -503 2,518 sing 842 -503 2,518 on 842 850 850 350 Act Works to Buildings 50 50 100 to Corporate Buildings 35 250 250 250	Exterior 55	225 80 335 100 1,100 30 2,095 850 850	225 838 100 225 1,100 30 2,518	-503		Gross 225	External	Net
General Fund) 225 225 works 80 80 s 838 -503 335 100 100 100 Scheme 225 225 Renovation Grants) 1,100 1,100 30 30 30 30 30 30 sing 442 842 sis - enhancements 850 850 Act Works to Buildings 50 50 to Corporate Buildings 35 35 250 250 250		225 80 335 100 1,100 2,095 842 850	225 838 100 225 1,100 30 30 2,518	-503 - 503	225 0 335 100 225 1,100	225		
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works 80 80 s 838 -503 335 100 100 100 100 Scheme 225 225 225 Renovation Grants) 1,100 1,100 30 30 30 30 30 sing 842 503 2,095 sing 850 850 850 on 842 850 850 to Corporate Buildings 50 50 to Corporate Buildings 35 35 250 250 250		335 100 1,100 30 2,095 842 850	838 100 225 1,100 30 2,518 1,025	-503 - 503	335 100 225 1,100			225
s 838 -503 335 100 100 100 Scheme 225 225 Renovation Grants) 1,100 1,100 30 30 30 2,598 -503 2,095 sing 842 842 842 on 850 850 850 to Corporate Buildings 50 50 to Corporate Buildings 35 35 250 250 250		335 100 225 1,100 30 30 30 842 850	838 100 225 1,100 30 30 2,518 1,025	-503	335 100 225 1,100 30			0
Scheme 225 225 225 225 225 225 225 225 226 226		1,100 2,095 2,095 2,095 842 850	100 225 1,100 30 2,518 1,025	-503	100 225 1,100 30	838	-203	335
Scheme 225 225 Renovation Grants) 1,100 1,100 30 30 30 2,598 -503 2,095 sing 842 842 842 on 842 850 850 Act Works to Buildings 50 50 to Corporate Buildings 35 35 250 250 250		225 1,100 30 2,095 842 850 50	225 1,100 30 2,518 1,025	-503	225 1,100 30	100	_	100
Renovation Grants) 1,100 1,100 30 30 2,598 -503 2,095 sing 842 842 842 on 850 850 850 Act Works to Buildings 50 50 to Corporate Buildings 35 35 250 250		1,100 30 2,095 842 850 50	1,100 30 2,518 1,025	-503	1,100	225		225
30 30 30 2,598 -503 2,095 sing 842 842 842 is - enhancements 850 850 850 Act Works to Buildings 50 50 to Corporate Buildings 35 35 250 250		30 2,095 842 850 50	30 2,518 1,025	-503	30	1,100	_	1,100
ing - Non Housing 2,598 -503 2,095 Accommodation 842 842 ium / cemeteries - enhancements 850 850 Discrimination Act Works to Buildings 50 50 fliciency Works to Corporate Buildings 35 35 projects 250 250		2,095 842 850 50	2,518 1,025	-503	,	30		30
lg 842 842 1,0 enhancements 850 850 3 t Works to Buildings 50 50 50 Corporate Buildings 35 35 35 250 250 250 250	842 850 50 35 250 1,000	842 850 50	1,025		2,015	2,518	-503	2,015
842 842 1,0 enhancements 850 850 35 t Works to Buildings 50 50 Corporate Buildings 35 35	842 850 50 35 250 1,000	842 850 50	1,025					
850 850 50 50 35 35 250 250	850 50 35 250 1,000	850			1,025	750		750
50 50 35 35 250 250	50 35 250 1,000	20	320		350			0
35 35 250 250	35 250 1,000		100		100	20		20
250 250	250	35	20		20	20		20
	1,000	250	250		250	250		250
High Priority Major Works Corporate Buildings 1,000 1,000 2,000		1,000	2,000		2,000	1,500		1,500
	200	268	284		284			0
Prosperity Action Teams 315 315 315	315	315	315		315	315		315
Public Realm Infrastructure 5,040 5,040 6,500	5,040	5,040	6,500		6,500	7,000		7,000
Recycling Schemes 833 -233 600 100		009	100		100	100		100
School Landlord Works (Responsive Repairs) 750 750 750	750	750	750		750	750		750
Transport for London Schemes (estimate) 6,000 -6,000 0 6,000		0	000'9	-6,000	0	9,000	-6,000	0
Wealdstone High Street 650 650	020	650						
Strategic Development (inc Wealdstone High Street) 850 850 3,200	850	850	3,200		3,200	4,000		4,000
Sub total 11,800 20,924		11,800	20,924	-6,000	14,924	20,765	-6,000	14,765

	2007-08				2008-09			2009-10	
GENERAL FUND	£000	£000	£000	0003	£000	0003	0003	0003	0003
	Gross	External	Net	Gross	External	Net	Gross	External	Net
Capitalisation & Programme Management									
Capitalisation of various items	1,600		1,600	1,600		1,600	1,600		1,600
Provision for Small Schemes etc	250		250	250		250	250		250
Sub total	1,850	0	1,850	1,850	0	1,850	1,850	0	1,850
Total Programme	49,268	-20,125	29,143	52,931	-24,712	28,219	43,742	-17,897	25,845
		2007-08			2008-09			2008-09	
HOUSING REVENUE ACCOUNT	£000	£000	£000	£000	0003	£000	€000	0003	£000
	Gross	External	Net	Gross	External	Net	Gross	External	Net
Urban Living - Housing (HRA)									
HRA Housing Capital Programme	11,800		11,800	12,000		12,000	10,000		10,000
Aids and adaptations to council houses	200		200	200		200	200		200
TOTAL	12,300	0	12,300	12,500	0	12,500	10,500	0	10,500