

<b>Meeting:</b>	<b>Council</b>	<b>Date:</b>	<b>21<sup>st</sup> March 2013</b>
<b>Subject:</b>	<b>Capital programme 2012/13 to 2015/16</b>		
<b>Report Of:</b>	<b>Leader of the Council/Cabinet Member for Performance and Resources</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>Yes</b>	<b>Budget/Policy Framework:</b>	<b>Yes</b>
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<b>Appendices:</b>	<b>1. Proposed Capital Programme 2012/13 to 2015/16</b>		
	<b>2. Capital financing</b>		
	<b>3. Process flow diagram for Capital Schemes</b>		

## **1.0 Purpose of Report**

- 1.1 To recommend to council the proposed capital programme - including the revised position for 2012/13 through to 2015/16.

## **2.0 Recommendations**

- 2.1 Council is asked to **RESOLVE** that:-

- (1) the Capital Programme proposals for 2012/13 to 2015/16 as set out in Appendix 1 be approved.

## **3.0 Background and Key Issues**

- 3.1 Members will recall that full council approved the existing capital programme in February 2012. This paper updates the programme and includes capital expenditure and proposed financing for the period 2012/13 to 2015/16. The approved programme will inform the council's Treasury Management Strategy, which is currently being updated and will be monitored throughout the forthcoming year by the Audit and Governance Committee.

## **4.0 Capital Expenditure**

- 4.1 The capital programme is shown in Appendix 1, covering both general fund and housing investment.
- 4.2 As a key principle, proposed capital expenditure has been reviewed and prioritised to ensure that it meets the following criteria:

- (i) Investment is necessary to carry out essential/preventative maintenance of existing building or assets, to maintain or enhance the value of the asset.
- (ii) Expenditure is required to deliver agreed council priorities or policies.
- (iii) Expenditure is required to support organisational change or budget savings (for example, ICT projects), and justified through the use of clear business cases for investment.
- (iv) Existing capital expenditure arising from commitments from capital; schemes previously approved where they are still relevant, or where the business case still exists.
- (v) Investment in housing stock related capital schemes should reflect existing council policy in relation to the establishment of a new governance model for housing stock management and ownership. The capital proposals currently include investment of up to £5m in both 2013/14 and 2014/15. It will be essential to work closely with Gloucester City Homes to review and release, on a scheme-by-scheme basis, allocation of any of these monies. This is particularly important, given the development of new governance arrangements (Co-Co). Any variation to these capital proposals will therefore be included as part of future reports on governance arrangements, as necessary.

4.3 All of these principles are essential to be followed, as the majority of capital expenditure for the council will need to be funded through external borrowing. Each of the items in the proposed capital programme has been reviewed by the Corporate Asset and Capital Programme Management Group to ensure they comply with those principles.

4.4 An overall capital programme of £12.3M is proposed for 2013/14.

## **5.0 Capital Financing**

5.1 Appendix 2 details the required capital financing to support the programme. Given the need to rely on external borrowing for the majority of the Council's ongoing capital investment, the principles established in paragraph 4 are essential for future capital spending.

5.2 Members will note that the capital receipt for the St Oswald's site has been received in 2012/13. This receipt was originally anticipated to be received in 2011/12. Capital receipts are an important part of the council's financing for the programme, as they reduce the reliance on external borrowing.

5.3 Similarly, the council will continue to seek to maximise capital grants and 3<sup>rd</sup> party contributions to support expenditure and reduce the need for external borrowing.

## 6.0 Alternative Options Considered

6.1 The capital programme is based on the work of the corporate Capital Project Steering Group, which has considered various proposal and schemes to ensure that the options follow the key principles outlined in the council's approved money plan and summarised in section 4.2. Appendix 3 outlines the revised process for the future development and approval of capital schemes.

## 7.0 Conclusions

7.1 This report has outlined the estimated proposed capital programme from 2012/13 through to 2015/16, including sources of capital financing.

## 8.0 Legal Implications

8.1 Schemes approved within the capital programme will be subject to the necessary procurement arrangements in accordance with either European procurement law/regulations and the councils own constitution as appropriate.

## 9.0 Risk & Opportunity Management Implications

9.1 Identified risks are shown in the table below. The corporate Capital Project Steering group will review progress against schemes and report through GLT and the Cabinet throughout the year.

Risk Identified	Inherent Risk Evaluation		Proposed measures	Residual Risk Evaluation	
<ul style="list-style-type: none"><li>▪ Timing of Capital Receipts will be later than anticipated or lower than estimated</li><li>▪ Timing of Capital payments may be earlier than estimated</li></ul>	Risk Score	8	<ul style="list-style-type: none"><li>▪ Close monitoring of the timing and payments of capital expenditure/income will be carried out in each financial year. Alternative savings will be identified, or contingency arrangements agreed</li></ul>	Risk Score	4

## 10.0 People Impact Assessment (PIA):

10.1 Where appropriate, People Impact Assessments will be carried out for each capital projects, prior to implementation.

## **11.0 Other Corporate Implications**

1. Community Safety  
None
2. Environmental  
None
3. Staffing  
The capital programme will be monitored by the Capital project Steering group, through to GLT and cabinet.
4. Trade Union  
None