

2011/12 Conservative Capital Budget Resolution

Recommendations to County Council

It is recommended that:

1 Capital Programme

1.1 The value of our assets is £1.193 billion. Each year we need to spend money to ensure these assets are still suitable for use in the provision of services and to invest in new assets to meet our changing needs and requirements. This spending and investment forms the basis of our capital programme.

1.2 Approval is given to a capital programme of £126,348,000 for 2011/12, as shown in **Annex A**. Of the 2011/12 programme, schemes costing £71,113,000 were already approved for planning purposes. These are reaffirmed as part of this resolution.

1.3 Additional allocations for new schemes in 2011/12 are also approved as follows:

Directorate	Investment Project	Payments in 2011/12 £	Total Scheme Allocation £
Adult, Health & Community Services	<u>Adult Social Care Modernisation and Capacity</u> To support the transformation and modernisation of adult social care. A programme of projects for the use of this allocation is to be brought forward, to Cabinet, for approval at the earliest opportunity.	1,151,000	1,151,000
	Sub-total	1,151,000	1,151,000
Children, Young People and Families	<u>Early Years and Sure Start Children's Centres</u> Additional contingency funding for projects in the capital programme. If the funding is not required Cabinet approval for the alternative use of this funding will be required.	300,000	300,000
	<u>Schools Maintenance and Capacity</u> To maintain the existing school estate and invest in additional capacity to meet the needs of pupils in Warwickshire. A programme of projects for the use of this allocation is to be brought forward, to Cabinet, for approval at the earliest opportunity.	17,494,000	17,494,000
	Sub-total	17,794,000	17,794,000
Environment & Economy	<u>Rural Services Capital Maintenance</u> To maintain and invest in replacement infrastructure across Warwickshire's rural estate.	400,000	400,000
	<u>Nuneaton to Coventry Rail Line Upgrade</u> To progress the scheme to improve the Coventry to Nuneaton rail line, called 'NUCKLE Phase 1'. This funding is subject to formal confirmation from Coventry/Centro of their commitment to the scheme and that grant funding for the main works contract is likely to be available.	670,000	720,000

Directorate	Investment Project	Payments in 2011/12 £	Total Scheme Allocation £
Environment & Economy continued	<u>Highways Maintenance</u> To maintain the structural integrity and user safety of Warwickshire's highway network. A programme of projects for the use of this allocation is to be brought forward, to Cabinet, for approval at the earliest opportunity.	10,290,000	10,290,000
	<u>Rugby Western Relief Road</u> To fund the potential liability for land compensation payments.	2,249,000	2,249,000
	<u>West Midlands Transport Information System</u> To fund Warwickshire's contribution to "Traveline" the call centre for the West Midlands region providing details of all bus services registered in the West Midlands region.	35,000	105,000
	<u>M40 Junction 14 Safety Improvements</u> To relieve the traffic congestion on Europa Way, Leamington that is creating a safety hazard to M40 traffic	50,000	800,000
	<u>Street Lighting electricity cost and CO2 reduction</u> A self financing scheme providing the investment needed to deliver the related savings plan	640,000	1,640,000
	Sub-total	14,334,000	16,204,000
Fire & Rescue	<u>Vehicle Replacement Programme</u> A self financing scheme to deliver the annual replacement programme for operational and other small vehicles.	720,000	720,000
	<u>Equipment for New Fire Engines</u> To provide the equipment for the new fire engines as part of the annual replacement programme.	120,000	120,000
	<u>Emergency Fire Control Call Handling and Mobilising System</u> To replace the existing commend and control systems within the Fire and Rescue Headquarters.	185,000	185,000
	Sub-total	1,025,000	1,025,000
Resources	<u>Non-Schools Capital Asbestos and Safe Water Remedial Works</u> To provide capital funding to carry out the identified high risk asbestos and water remedial works to all non-school properties.	287,000	287,000
	<u>Schools Capital Asbestos and Safe Water Remedial Works</u> To provide capital funding to carry out the identified high risk asbestos and water remedial works to all school properties.	1,380,000	1,380,000
	<u>Non Schools Planned Capital Building, Mechanical and Electrical Backlog Maintenance</u> To manage the property risks associated with maintaining a functional, safe and secure environment.	1,649,000	1,649,000

Directorate	Investment Project	Payments in 2011/12 £	Total Scheme Allocation £
Resources continued	<u>Schools Planned Capital Building, Mechanical and Electrical Backlog Maintenance</u> To manage the property risks associated with maintaining a functional, safe and secure environment.	3,460,000	3,460,000
	<u>Improving the Customer Experience/One Front Door Improvements</u> This is an invest-to-save proposal linked to the development of the One-Front-Door transformation programme.	1,000,000	3,000,000
	<u>Rationalisation of the Council's Property</u> This is an invest-to-save proposal linked to the savings proposals in relation to property rationalisation.	2,000,000	5,000,000
	Sub-total	9,776,000	14,776,000
	<u>Unallocated Contingency</u> An unallocated provision to allow the Council to respond to capital investment needs over the next year, consequent on the delivery of the transformation and savings plans of the authority. This will need to be allocated in detail by future Council resolution.	11,155,000	11,155,000
	Sub-total	11,155,000	11,155,000
	2011/12 Total Allocations	55,235,000	62,105,000

1.4 The capital programmes of £55,111,000 and £37,848,000 for 2012/13 and 2013/14, as shown in Annex A, be approved for planning purposes. Of the draft programme, schemes costing £15,972,000 in 2012/13 and £2,973,000 in 2013/14 were already approved for planning purposes.

1.5 In doing so the Government capital announcements for investment in transport, schools and adult social care are incorporated into the capital programme in full.

1.6 Additional allocations are also approved as follows:

Directorate	Investment Project	Scheme Allocation in 2012/13 £	Scheme Allocation in 2013/14 £
Adult, Health & Community Services	Adult Social Care Modernisation and Capacity	1,182,000	0
	Sub-total	1,182,000	0

Directorate	Investment Project	Scheme Allocation in 2012/13 £	Scheme Allocation in 2013/14 £
Environment & Economy	Rural Services Capital Maintenance	550,000	400,000
	Highways Maintenance	12,669,000	12,437,000*
	Portobello Bridge, Leamington	0	1,000,000
	Sub-total	13,219,000	13,837,000
Fire & Rescue	Vehicle Replacement Programme (self financing)	720,000	720,000
	Equipment for New Fire Engines	120,000	120,000
	Sub-total	840,000	840,000
Resources	Non-Schools Capital Asbestos and Safe Water Remedial Works	437,000	437,000
	Schools Capital Asbestos and Safe Water Remedial Works	1,380,000	1,380,000
	Non Schools Planned Capital Building, Mechanical and Electrical Backlog Maintenance	2,351,000	2,351,000
	Schools Planned Capital Building, Mechanical and Electrical Backlog Maintenance	3,460,000	3,460,000
	Sub-total	7,628,000	7,628,000
	Unallocated Contingency	11,435,000	10,535,000
	Sub-total	11,435,000	10,535,000
	Total Allocations	34,306,000	32,840,000

* This figure is based on an as yet unconfirmed indicative allocation from the Department for Transport.

- 1.7 A deduction is made from Directorate's revenue budgets for the debt charges in respect of the self-financing projects funded from borrowing.

2 Prudential Guidelines and Limits

- 2.1 Approval is given to an Affordable Borrowing Limit consistent with the capital programme for 2011/12 and the subsequent two years as detailed in Annex A, leading to an increase in the cost to a Band D council tax payer as follows:

	In-Year £ per Band D Council Tax	Cumulative £ per Band D Council Tax
2011/12	6.20	6.20
2012/13	13.91	20.11
2013/14	1.47	21.58
2014/15	0.79	22.37

- 2.2 Approval is given to the prudential indicators detailed at **Annex B**, consistent with the approved Capital Programme 2011/12 to 2013/14.

3 Strategic Director, Resources' Statement

- 3.1 The following statement from the Strategic Director, Resources is noted:

"The Local Government Act 2003 requires me as "Chief Finance Officer" to report on the robustness of the estimates made for the purposes of the budget calculations.

The capital programme information used in preparing this capital budget resolution has undergone extensive scrutiny by:

- ❖ *Strategic Directors and their staff;*
- ❖ *Staff within my directorate;*
- ❖ *Strategic Directors Leadership Team.*

In addition to this I have worked closely with the Cabinet and other members in preparing this capital programme resolution. In overall terms I am of the view that this capital programme has been prepared on realistic assumptions and that it represents a robust programme."

The draft programmes for 2012/13 and 2013/14 include a significant commitment for further capital investment into future years. The Party Group needs to be mindful that overall the additional revenue costs of the capital programme included in this resolution is £1.576 million in 2012/13 and a further £0.926 million in 2013/14. The financing of these revenue impacts will need to form part of the Group's consideration of the budget in future years."

4 Delegations

- 4.1 That the Council reconfirms the delegated powers to the Leader as follows:

- ❖ That the Leader or person(s) or body nominated by him are authorised to:
 - Agree any increases or reductions in capital starts/payments totals as part of the capital review process.
 - Approve the addition to the capital programme of projects costing less than £1.5 million, which are fully funded from external grants, developer contributions or from revenue.

- 4.2 In addition the Strategic Director, Resources is authorised to vire capital schemes between directorates where such virements are as a direct consequence of a restructuring within the County Council.

- 4.3 The Chief Executive and Strategic Director, Resources are authorised to reverse allocations made as part of this budget process where the investment does not progress.

5 Budget Management

- 5.1 The Chief Executive is directly responsible for the implementation of the capital programme.
- 5.2 The Chief Executive is instructed to remind all Strategic Directors that budgets must not be overspent and that effective budget management arrangements should be the cornerstone of each directorate's work to secure Best Value.
- 5.3 All member bodies, members and Chief Officers are instructed to comply with the prescriptive legal duties placed upon the Council and the Chief Executive and Strategic Directors are instructed to ensure that the implementation of policies complies with legal requirements.
- 5.4 That authority is given for all necessary tenders to be obtained and contracts to be completed to give effect to this budget.

CAPITAL PROGRAMME 2011/12 - 2013/14

ANALYSIS OF CAPITAL PAYMENTS BY START YEAR

	Start Year (1)	Before 31.03.11 (2) £000	2011/12 (3) £000	2012/13 (4) £000	2013/14 (5) £000	2014/15 and later years (6) £000	Total Scheme Cost (7) £000
1	Starts in 2010/11 and earlier years	496,691	71,113	15,972	2,973	250	586,999
2	2011/12 Starts	-	55,235	39,139	34,875	20,000	149,249
3	TOTAL PROGRAMME	496,691	126,348	55,111	37,848	20,250	736,248

ANALYSIS OF CAPITAL PAYMENTS BY DIRECTORATE

	Directorate (1)	Before 31.03.11 (2) £000	2011/12 (3) £000	2012/13 (4) £000	2013/14 (5) £000	2014/15 and later years (6) £000	Total Scheme Cost (7) £000
1	Adult, Health and Community Services	9,976	3,617	1,620			15,213
2	Children, Young People and Families	198,646	53,899	365	209		253,119
3	Customers, Workforce and Governance	2,343	1,186	406	125		4,060
4	Environment and Economy	242,121	41,595	29,347	16,121	250	329,434
5	Fire and Rescue	2,850	1,250	1,065	1,230		6,395
6	Resources	40,755	13,646	10,873	9,628		74,902
7	Unallocated Contingency		11,155	11,435	10,535	20,000	53,125
8	TOTAL PROGRAMME	496,691	126,348	55,111	37,848	20,250	736,248

ANALYSIS OF CHANGES TO THE CAPITAL PROGRAMME

	Details (1)	Notes (2)	Before 31.03.11 (2) £000	2011/12 (3) £000	2012/13 (4) £000	2013/14 (5) £000	2014/15 and later years (6) £000	Total Scheme Cost (7) £000
A.	Grand total for all years as reported to Cabinet 27th January 2011	1	496,691	71,113	15,972	2,973	250	586,999
B.	New Items - gross cost of schemes							
1	Adult, Health and Community Services	2		1,151	1,182			2,333
2	Children, Young People and Families	2		17,794				17,794
3	Environment and Economy	2		14,334	15,054	13,872		43,260
4	Fire and Rescue	2		1,025	840	840		2,705
5	Resources	2		9,776	10,628	9,628		30,032
6	Unallocated Contingency	2		11,155	11,435	10,535	20,000	53,125
C.	Council Resolutions		496,691	126,348	55,111	37,848	20,250	736,248

Note :-

- 1 In December 2010, Council approved increased expenditure for the Rugby Western Relief Road Project. A total of £2.249 million

PRUDENTIAL BORROWING

	Details	Notes	2011/12	2012/13	2013/14	2014/15 and later years	Total Scheme Cost
	(1)	(2)	(3) £000	(4) £000	(5) £000	(6) £000	(7) £000
A.	Total for all years as reported to Cabinet 27th January 2011, not including unallocated £20 million per annum assumed.		27,388	1,049	2,515	(390.0)	30,561
B.	New Items - gross cost of schemes funded by borrowing						
1	<u>Children, Young People and Families</u> Early Years and Sure Start Children's Centres	1	300				300
2	<u>Environment and Economy</u> Rural Capital Maintenance	1	400	550	400		1,350
	Street Lighting Electricity cost and CO2 reduction	1	640	1,000			1,640
3	<u>Fire and Rescue</u> Vehicle Replacement Programme	1	720	720	720		2,160
	Equipment for New Fire Engines	1	120	120	120		360
	Emergency Fire Control Call Handling and Mobilising System	1	185				185
4	<u>Resources</u> Non-schools Capital Asbestos and Safe Water Remedial Works	1	287	437	437		1,161
	Schools Capital Asbestos and Safe Water Remedial Works	1	1,380	1,380	1,380		4,140
	Non-schools Planned Capital Building, Mechanical and Electrical Backlog Maintenance	1	1,649	2,351	2,351		6,351
	Schools Planned Capital Building, Mechanical and Electrical Backlog Maintenance	1	3,460	3,460	3,460		10,380
	Improving the Customer Experience/One Front Door Improvements	1	1,000	1,000	1,000		3,000
	Rationalisation of the Council's Property	1	2,000	2,000	1,000		5,000
5	Unallocated Contingency	1	11,155	11,435	10,535	20,000	53,125
C.	TOTAL		50,684	25,502	23,918	19,610	119,713

Notes :-

1 See the 2011/12 Capital Budget Resolution

2011/12 to 2013/14 Capital Programme - Prudential Indicators

(1) AFFORDABILITY PRUDENTIAL INDICATORS	2010/11 estimate	2011/12 estimate	2012/13 estimate	2013/14 estimate	2014/15 estimate
Capital Expenditure	£'000 96,888	£'000 126,348	£'000 55,111	£'000 37,848	£'000 20,250
Ratio of financing costs to net revenue stream	% 11.03	% 10.72	% 11.36	% 11.39	% 11.38
Net borrowing requirement	£'000	£'000	£'000	£'000	£'000
brought forward 1 April	335,751	371,704	403,513	408,550	411,751
carried forward 31 March	371,704	403,513	408,550	411,751	411,693
in year borrowing requirement	35,952	31,809	5,037	3,201	(58)
In year Capital Financing Requirement	£'000 23,273	£'000 31,809	£'000 5,037	£'000 3,201	£'000 (1,267)
Capital Financing Requirement as at 31 March	£'000 380,949	£'000 412,758	£'000 417,795	£'000 420,996	£'000 419,729
Affordable Borrowing Limit	£	£	£	£	£
Position as agreed at February 2008 Council					
Increase per council tax payer	9.33				
Position as agreed at March 2009 Council					
Increase per council tax payer	16.10	2.17			
Position as agreed at March 2010 Council					
Increase per council tax payer	22.46	9.50	-3.44	-5.19	-4.19
Updated position of Current Capital Programme					
Increase per council tax payer	17.02	6.20	13.91	1.47	0.79
(2) TREASURY MANAGEMENT PRUDENTIAL INDICATORS	2010/11 approved	2011/12 estimate	2012/13 estimate	2013/14 estimate	2014/15 estimate
Authorised limit for external debt -	£'000	£'000	£'000	£'000	£'001
Borrowing	489,204	484,276	493,323	497,767	492,650
other long term liabilities	12,000	12,000	12,000	12,000	12,000
TOTAL	501,204	496,276	505,323	509,767	504,650
Operational boundary for external debt -	£'000	£'000	£'000	£'000	£'001
Borrowing	407,670	403,563	411,103	414,806	410,542
other long term liabilities	10,000	10,000	10,000	10,000	10,000
TOTAL	417,670	413,563	421,103	424,806	420,542
Upper limit for fixed interest rate exposure					
Net principal re fixed rate borrowing / investments	100%	100%	100%	100%	100%
Upper limit for variable rate exposure					
Net principal re variable rate borrowing / investments	25%	25%	25%	25%	25%
Upper limit for total principal sums invested for over 364 days	£	£	£	£	£
(per maturity date)	£0	£0	£0	£0	£0

Maturity structure of new fixed rate borrowing during 2010/11	upper limit	lower limit
under 12 months	20%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	60%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%