

Report to: Executive Board 2<sup>nd</sup> December 2002  
Council 9<sup>th</sup> December 2002

**Three Year Capital Budget & Resources Report.**

<p><b>Report of: Strategic Director – Finance &amp; Corporate Services</b></p> <p><b>Report Author: Mark Luntley/Leader of the Council</b></p> <p><b>Lead Member Responsible: Cllr Hollingsworth</b></p> <p><b>Overview and Scrutiny Committee Responsibility:</b></p> <p><b>Key Decision: YES</b></p>	<p><b>WARDS AFFECTED</b> ALL</p>
<p><b>SUMMARY AND RECOMMENDATIONS</b></p> <p>The report sets out the proposed Capital Budget for consultation for the next 3 years. It looks at both the current approved capital schemes and schemes proposed by Business Managers in the draft Business Plans, and recommends that ALL schemes are reviewed under the prioritisation guidelines agreed as part of the Capital Strategy.</p> <p>Executive Board are asked to:</p> <ul style="list-style-type: none"> <li>a) note the capital resources position</li> <li>b) recommend the Capital proposals in Appendix 1 to Council as the Capital budget for consultation</li> <li>c) task officers with reviewing all capital proposals listed as part of compliance with the approved system of prioritisation and appraisal</li> <li>d) task officers to investigate the previously approved capital projects for abortive costs or contractual commitments</li> </ul>	

**Introduction**

This report lists the Capital resources available to the Council and suggests the capital schemes that should be progressed as part of the budget consultation.

## **Current Resources**

A capital monitoring report is elsewhere on this agenda. The report shows the approved schemes in the capital programme, schemes where Executive Board has made a capital commitment and identifies the funding for those schemes. The report suggests that the authority has enough resources to sustain a capital programme of £47.7m. Of this £14.7m is committed to schemes in 2002/3. Of the remaining £33m, £13.5m is ringfenced funding and can only be spent on particular schemes. This means that there is £19.5m of funding that could be reallocated from the current approved schemes to new priorities.

## **Capital Projects**

Executive Board and Council have previously approved all the schemes included in the Planned Capital Programme (elsewhere on this agenda). Business Managers as part of their Business Plans identified £28m of additional capital bids over the next three years. There is a large gap between these Capital bids and the funding available. The Council can make choices as part of the budget consultation as to how to deal with the funding gap. Options are to:

- a) review the current approved capital programme and reprioritise schemes
- b) review the asset portfolio of the Council and make disposal decisions; however, the council will need to be mindful of the potential revenue implications of such decisions including rental loss

Portfolio Holders have decided to put forward those new bids that bring the most benefit to the Council and best meet the Council's vision alongside the Planned Capital programme, to form the capital budget for consultation (attached as Appendix 1).

All of these schemes will need to be reviewed using the approved project appraisal and prioritisation procedures. The procedures were agreed by Council in July 2002 and submitted to GOSE as part of the Capital Strategy & Asset Management Plan. Extracts are attached in Appendix 2.

The proposals may mean some schemes that are in the approved capital programme already will need to be slipped or removed. This will involve careful consideration. Some schemes may have already been worked on and may lead to abortive costs being incurred whilst other schemes may have implied or formal contractual commitment. Work investigating the status of these schemes will take place during the consultation period.

## **The Next Steps**

The results of the consultation process and the review of each scheme under the project appraisal and prioritisation procedures will be considered by the Executive Board in February 2003 and a reviewed and revised budget will be recommended to Council for acceptance.

This revised budget will also include any in principle decisions to dispose of assets in future years to fund the capital programme, and the consequences of those decisions will be included in the Revenue budgets were appropriate.

The Portfolio Holders are mindful of the record of slippage of the capital programme in recent years shown in the Capital Monitoring Report elsewhere on this agenda, and will bear in mind the ability of the Council to deliver projects on time when making final recommendations to Council on the phasing of the capital programme.

### **Future Capital Resources**

Although the capital monitoring report suggests resources of £47.7m, the future resource position is unclear. The Office of the Deputy Prime Minister is proposing a number of changes to capital receipts. This includes the pooling of Right to Buy receipts and changes in the use of receipts where the Council makes a definite decision to sell an asset.

The pooling of Right to Buy receipts would mean that ODPM takes away the £1.6m per annum that the Council currently uses for capital investment. This would then be reallocated to Councils depending on their needs, so the Council may gain or lose under this proposal.

A positive change in capital financing is that ODPM is proposing that when an authority makes a choice to dispose of a Housing asset, the full receipt can be used for reinvestment in social housing instead of previously where 50% was set aside to repay debt.

Neither of these changes are confirmed yet. If the status quo continues into 2003/4, then Right to Buy receipts estimated at £1.6m will be available to fund capital expenditure in addition to the £47.7m resources mentioned above.

<p>THIS REPORT HAS BEEN SEEN AND APPROVED BY: Cllr Hollingsworth, Leader of the Council Mark Luntley, Director for Finance</p>
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Background papers:

- Business Plans  
Report to Executive Board 2<sup>nd</sup> Dec Capital Monitoring & Funding Position.

## Extracts from Capital Strategy & Asset Management Plan July 2002

### 2.4 Project Appraisal & Prioritisation

The Council has recently reviewed its system of project appraisal and prioritisation to ensure consistency with corporate strategic aims. The changes outlined below will be implemented for a trial period of six months, after which a detailed review will take place with Business Managers to ensure that the system accommodates any improvements they may have. Every project should, from beginning to end, be integrated into the authority's capital planning process. The corporate framework outlined in the Capital Strategy will aim to:

- test that projects meet overall priorities & service strategies;
- identify any time-critical elements of a project; and
- monitor the development of projects.

To ensure that potential projects are based on an accurate understanding and assessment of user's needs, all potential capital projects should arise as part of a service delivery plan. The Council will agree projects corporately to ensure that they fit with corporate objectives and that the resource implications are fully considered.

In an environment of budget constraints, there is inevitably a greater requirement for capital than is available and a system of authority-wide prioritisation is needed between projects.

The corporate methodology for prioritisation of capital will:

- prioritise on an authority-wide basis, irrespective of the initiating department, taking service priorities into account within a corporate context.
- identify *criteria* against which any project will be judged (examples set out in Appendix F) .
- relate to the Council's core objectives as defined and set out in its Corporate Strategies and service plans.
- include cross-cutting issues.
- use a simple framework based on the standard project appraisal form.
- include identification and maximisation of alternative sources of potential funding.

Projects are justified in a Business Case that analyses and evaluated the projected costs and benefits of the proposed investment. Larger projects may require a full feasibility study to scope the project in more detail, confirm that it is possible to meet needs in the way proposed and to justify in investment terms the proposed benefits.

In summary the processes included in the new evaluation process are:

- Executive Board – Identify and set overall priorities in the form of pre-set requirements in line with corporate objectives and strategies.
- SMB/ portfolio holders – identify needs and objectives to meet corporate and service objectives

- Project Manager – agrees project brief and justification with the Business Manager & Strategic Director
- C&AMSG reviews project brief against Members preset criteria– assess project options and approval to plan / feasibility work up to a specific value.
- Project Manager to prepare Business Case based on feasibility / planning and report back to C&AMSG.
- CSMG – Review feasibility / recommend Full project appraisal to be carried out . Consider potential projects & agree prioritisation for new projects within capital programme, for approval by Executive Board
- Approve system changes to programme / bring forward shelf schemes
- SMB / Exec Board – Project appraisal reviewed and approval to start work on site / abort.
- Project Manager / C&AMSG to review project on completion

To ensure that a new capital project meets a service or corporate need, each project is assigned to a lead officer within the authority, who is responsible for defining the projects objectives within a project brief<sup>1</sup> which is based on a detailed analysis of the end-users of the project. It must establish the essential and desirable outcomes of the project so that it can be agreed and signed off by the Business Manager and Strategic Director.

Once it has been decided that a potential project represents the best way of meeting a defined need, it is reviewed and with other options by the C&AMSG, to make sure it is the most cost-effective way of meeting an identified need and fulfils the agreed service delivery objective. In addition, the implications for capital, revenue and other resources are considered.

Formal **approval to plan** given by the Capital & Asset Monitoring Strategy Group (C&AMSG) in the form of a signed **project justification document**<sup>2</sup>. Detailed design will not begin until funding for the project is secure. This is because it may be difficult to afford design costs if they relate to a project which is not certain to go ahead. Therefore approval can be given for design to be undertaken up to a specific amount. Each project has to be reviewed before subsequent expenditure can be made beyond the amount approved for design, and relevant approvals obtained for further funding and spending.

Once it has been decided that a potential project represents the best way of meeting a defined need it will be prioritised by the CS&MG and be given a level of funding priority within the programme, The Council aims to have a range of projects “on the shelf”, of different sizes and with different timescales, ready to be brought forward. Having some projects which are sufficiently developed to proceed without delay also means that, should others slip, they can be substituted at short notice.

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<sup>1</sup> Project Brief – Appendix E – Capital Strategy July 2002

<sup>2</sup> Project Justification – Appendix G – Capital Strategy – July 2002

**Is there a need for this project?**

- Has an independent local survey been carried out within the last 3 years?
- A survey study commissioned by the project sponsor within the last 3 years or is the most current available?
- A national survey which has been carried out within the last 3 years or is the most current available?
- Evidence of consultation with private sector or members of the public

**How significant is the project?**

- In international or national terms
- In regional terms
- In local terms
- Statutory or legislative requirement

**Does the project contribute to the aims & objectives of the Council?**

- Sound Financial Management
- Strengthening of Local Communities
- Reducing Poverty & Inequality
- Improving the Physical Environment
- Reducing the Council's Use of Resources

**Does the project contribute to the Council's priorities?**

- Corporate priorities identified through the corporate business plan / Capital Strategy
- Service priorities identified locally by services
- Achieve cross-cutting objectives
- Work in partnership with others

**How will the works affect service delivery?**

- Asset condition currently preventing the required level of service delivery
- Project required immediately to avoid impacting on efficient and effective service delivery
- Service delivery can be sustained over the next 12 months without project implementation
- Service delivery can be sustained over next 3 years without project implementation

**How is the project going to be funded?**

- Funded entirely from external funding:
- Internal funding required:
  - 100%
  - 75%+
  - 50% - 75%
  - 25% - 50%
  - 10% - 25%
  - 10% or less

**47. Is there a revenue saving in future?**

Yes

No

**48. Is the project deliverable?**

Has risk analysis been undertaken?

Is the implementation plan realistic?

# Capital Schemes

## APPENDIX 1

Scheme Name	Code	Business Unit	2003/2004	2004/2005	2005/2006	Total
Maintenance (General Fund)		Built Environment	500.0	500.0	500.0	
DDA Additional Approval 02/03		Built Environment	250.0	0.0	0.0	
Tesco / Blackbird Leys Cycle Link	F1096	Built Environment	192.7	0.0	0.0	
Garsington Road / Watlington Road Cycle Route	F1110	Built Environment	121.2	0.0	0.0	
Warneford Fields - Cycle track link to Churchill Hospital	FNew	Built Environment	79.4	0.0	0.0	
Horspath Driftway - highway improvements	FNew	Built Environment	38.4	0.0	0.0	
Frenchay Road Area - Traffic Management Measures	F1195	Built Environment	30.3	0.0	0.0	
West Oxford Cycle Route	Fnew	Built Environment	29.4	0.0	0.0	
Blackbird Leys / Minclery Farm Cycle Link	F1119	Built Environment	22.6	0.0	0.0	
Parks Road/South Parks Road - Cycle Track	Fnew	Built Environment	15.0	0.0	0.0	
Greater Leys Bus and Highway Improvements	F1095	Built Environment	14.1	0.0	0.0	
Cripley Rd - Pedestrian Improvements	FNew	Built Environment	12.5	0.0	0.0	
Bayswater Farm Rd - Construction of Footpath	FNew	Built Environment	4.9	0.0	0.0	
Cumberland Rd - Cycle Measures	FNew	Built Environment	4.2	0.0	0.0	
Walton well Road Car Park	FNew	Built Environment	2.1	0.0	0.0	
Wdstck.Rd./Bev.Rd./St.B's Rd../Obsv. St. - junction improvements	F1175	Built Environment	1.7	0.0	0.0	
204-206 Banbury Road - provision of cycle parking	F1174	Built Environment	1.6	0.0	0.0	
Cambridge Terrace - Cycle Parking	F1160	Built Environment	0.8	0.0	0.0	
Marston Road to Longwall Cycle Track	Fnew	Built Environment	0.0	222.0	0.0	
Oxford Utd. to Windale Scl. - special surfacing of cycle track	F1183	Built Environment	0.0	4.5	0.0	
Normandy Crescent Parking		Built Environment	35.0	0.0	0.0	
Home Zone - Contribution to County Scheme		Built Environment	0.0	75.0	0.0	
DDA Additional Approval 03/04		Built Environment	0.0	850.0	0.0	
		<b>Built Environment Total</b>	<b>1355.9</b>	<b>1651.5</b>	<b>500.0</b>	<b>3507.4</b>
Area Committee Projects		Chief Executives	500.0	500.0	500.0	
		<b>Chief Executives Total</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>1500.0</b>
Cowley Marsh Phones - uncoded*		City Works	40.0	0.0	0.0	
		<b>City Works Total</b>	<b>40.0</b>	<b>0.0</b>	<b>0.0</b>	<b>40.0</b>
Private housing Grants - uncoded*		Environmental Health	1000.0	1000.0	1000.0	
		<b>Environmental Health Total</b>	<b>1000.0</b>	<b>1000.0</b>	<b>1000.0</b>	<b>3000.0</b>
Planned Maintenance		Housing Services	750.0	0.0	0.0	
		<b>Housing Services Total</b>	<b>750.0</b>	<b>0.0</b>	<b>0.0</b>	<b>750.0</b>
PC replacement		Information Systems	450.0	0.0	0.0	
IEG Grant		Information Systems	360.0	0.0	0.0	
IS Data Capture uncoded*		Information Systems	30.0	0.0	0.0	
		<b>Information Systems Total</b>	<b>840.0</b>	<b>0.0</b>	<b>0.0</b>	<b>840.0</b>

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# Capital Schemes

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Scheme Name	Code	Business Unit	2003/2004	2004/2005	2005/2006	Total
BBL Pool Plant and Maintenance Work		Leisure & Culture	38.6	0.0	0.0	
Ice Rink Plant and Maintenance Work		Leisure & Culture	0.0	279.8	0.0	
Temple Cowley Plant and Maintenance Work		Leisure & Culture	0.0	222.6	0.0	
Hinksey Pool plant and Maintenance Work		Leisure & Culture	0.0	49.7	0.0	
Blackbird Leys Leisure Centre Plant and Maintenance Work		Leisure & Culture	0.0	0.0	107.9	
Ferry Sports Centre Plant and Maintenance		Leisure & Culture	970.9	0.0	0.0	
Ferry Sports Centre	Bnew	Leisure & Culture	1704.6	90.0	0.0	
Blackbird Leys Leisure Centre	Bnew	Leisure & Culture	127.6	0.0	382.8	
Peers Sports Centre	Bnew	Leisure & Culture	95.7	0.0	0.0	
Temple Cowley Pools	Bnew	Leisure & Culture	0.0	899.8	0.0	
		<b>Leisure &amp; Culture Total</b>	<b>2937.4</b>	<b>1541.9</b>	<b>490.7</b>	<b>4970.0</b>
OCC Voids (LASHG Grant Bid)		Neighbourhood Renewal	100.0	150.0	0.0	
OCC Garage Sites (LASHG Bid)		Neighbourhood Renewal	500.0	1200.0	0.0	
Orlit Redevelopment (LASHG Bid)		Neighbourhood Renewal	750.0	750.0	750.0	
Jericho Community Centre (OCC contribution)		Neighbourhood Renewal	0.0	100.0	0.0	
Oseney Court Day Care		Neighbourhood Renewal	300.0	200.0	0.0	
Community Centres		Neighbourhood Renewal	0.0	1000.0	1000.0	
Housing Corporation Bids (OCC contribution)		Neighbourhood Renewal	800.0	1200.0	1300.0	
Partnership for Youth / Dispersed Foyer	P4038	Neighbourhood Renewal	0.0	1674.6	0.0	
Oxford Resettlement Project		Neighbourhood Renewal	1279.6	0.0	0.0	
Wolvercote School Hall		Neighbourhood Renewal	25.0	25.0	25.0	
Horspath Community Facilities		Neighbourhood Renewal	0.0	415.0	0.0	
African-Caribbean Design	A3035	Neighbourhood renewal	0.0	398.4	0.0	
LASHG New Build	P4041	Neighbourhood Renewal	318.0	0.0	0.0	
Barton - CHP Programme & Fees (SRB3)	N7003	Neighbourhood Renewal	255.1	0.0	0.0	
Barton SRB/Headington Swimming Pool	ANew	Neighbourhood Renewal	230.0	800.0	0.0	
Peugot garage site demolition - uncoded*		Neighbourhood Renewal	75.0	0.0	0.0	
Anti-Social Behaviour - Bond Sq. - uncoded*		Neighbourhood Renewal	50.0	0.0	0.0	
BB Leys Youth & Community Centre - uncoded*		Neighbourhood renewal	50.0	0.0	0.0	
Estates Shops Security Measures uncoded*		Neighbourhood Renewal	50.0	0.0	0.0	
Healthy Living Matched Fund - East Ox CC - uncoded*		Neighbourhood renewal	40.0	0.0	0.0	
Leys Linx	E0004	Neighbourhood Renewal	4.0	0.0	0.0	
		<b>Neighbourhood Renewal Total</b>	<b>4826.7</b>	<b>7913.0</b>	<b>3075.0</b>	<b>15814.7</b>
MRA - uncoded*		OBS	5000.0	4500.0	4000.0	
Window Replacements [MRA] 0203	N6336	OBS	692.0	0.0	0.0	
Heating New/Upgrades [MRA] 0203	N6331	OBS	200.0	0.0	0.0	
Major Void Works [MRA] 0203	N6332	OBS	165.0	0.0	0.0	
Unfits/Extentions [MRA] 0203	N6338	OBS	142.8	0.0	0.0	
Plumbing Works [MRA] 0203	N6334	OBS	100.0	0.0	0.0	
Electrical Re-Wires [MRA] 0203	N6333	OBS	55.0	0.0	0.0	

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# Capital Schemes

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Scheme Name	Code	Business Unit	2003/2004	2004/2005	2005/2006	Total
Re-Roofing [MRA] 0203	N6340	OBS	50.0	0.0	0.0	
Structural Works [MRA] 0203	N6343	OBS	50.0	0.0	0.0	
Management Void Refurbishment ( 2001/2 MRA)	N6316	OBS	25.0	0.0	0.0	
Insulation [MRA] 0203	N6341	OBS	10.0	0.0	0.0	
Aids & Adaptions [MRA] 0203	N6335	OBS	8.0	0.0	0.0	
Fire Detection [MRA] 0203	N6344	OBS	5.0	0.0	0.0	
Controlled Entry [MRA] 0203	N6342	OBS	3.0	0.0	0.0	
		<b>OBS Total</b>	<b>6505.8</b>	<b>4500.0</b>	<b>4000.0</b>	<b>15005.8</b>
Replace temporary changing rooms at Sports Grounds		Parks & Green Spaces	0.0	500.0	0.0	
Shotover Toilets		Parks & Green Spaces	0.0	50.0	0.0	
Parks Infrastructure repairs	New	Parks & Green Spaces	100.0	100.0	0.0	
Street Sport Sites	New	Parks & Green Spaces	75.0	0.0	0.0	
Paddling pools	New	Parks & Green Spaces	70.0	0.0	0.0	
Marston Area - Recreation / Sporting facilities	ANew	Parks & Green Spaces	65.4	65.4	0.0	
Sandhills Play Area	Anew	Parks & Green Spaces	32.2	0.0	0.0	
Islamic Centre Section 106		Parks & Green Spaces	0.0	125.0	0.0	
Unipart Site Section 106			0.0	80.0	0.0	
Facilities to serve Little Bury Area	A1172	Parks & Green Spaces	20.2	0.0	0.0	
Land off Richards Way - Teenage Street Sports/kick about area	Anew	Parks & Green Spaces	20.0	0.0	0.0	
St. Sepulchre's Cemetery - upgrading cemetery	A1167	Parks & Green Spaces	5.9	0.0	0.0	
Scout Hut - BBL	A1171	Parks & Green Spaces	5.5	0.0	0.0	
Bowls Club - BBL	A1170	Parks & Green Spaces	3.5	0.0	0.0	
Paradise Square - Garden Improvements	Anew	Parks & Green Spaces	2.6	0.0	0.0	
Banbury Rd/Marston Ferry Road Tree Planting	Hnew	Parks & Green Spaces	5.2	0.0	0.0	
		<b>Parks &amp; Green Spaces Total</b>	<b>405.5</b>	<b>920.4</b>	<b>0.0</b>	<b>1325.9</b>
Cornmarket Street Environmental Enhancements	F1193	Planning	1160.6	0.0	0.0	
Summertown Traffic Management	Fnew	Planning	83.2	0.0	0.0	
Garsington Road Roundabout - improvements	FNew	Planning	53.5	0.0	0.0	
Beaumont Street Cycling Improvements	F1118	Planning	35.5	0.0	0.0	
Exclusion from Residents Parking Zones	Fnew	Planning	30.5	30.5	0.0	
Hollow Way/Oxford Rd/Garsington Road Cycle Safety Measures	FNew	Planning	25.2	0.0	0.0	
Cowley Road - Cycle Safety Measures	F1162	Planning	19.9	0.0	0.0	
Banbury Road - North Of St. Margarets Road Cycle Lane	F1150	Planning	19.2	0.0	0.0	
Banbury Road - North Of St. Margarets Road Cycle Lane	Fnew	Planning	12.7	0.0	0.0	
Turn Again Lane/Worcester Street Link	F1156	Planning	9.4	0.0	0.0	
Beckett Street lighting improvements	F1166	Planning	9.2	0.0	0.0	
Between Towns Road - Cycle Scheme	Fnew	Planning	6.1	0.0	0.0	
Lucerne Rd & Victoria Rd - Junction Table	FNew	Planning	5.4	0.0	0.0	
George St/New Inn Hall St/Gloucester St Junc. Improvements	F1152	Planning	4.9	0.0	0.0	
Butterwyke Place to Friar's Wharf - prov. of cycle crossings	F1176	Planning	4.6	0.0	0.0	

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# Capital Schemes

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Scheme Name	Code	Business Unit	2003/2004	2004/2005	2005/2006	Total
New Inn Hall St - Cycle Safety Measures	F1153	Planning	3.2	0.0	0.0	
Jackson Rd - Traffic Mgmt	FNew	Planning	2.6	0.0	0.0	
Oxford Mosque Manzil Way - Parking Controls	F1169	Planning	2.0	0.0	0.0	
Aristotle Lane Area - Residents Parking Zone	FNew	Planning	0.0	33.5	0.0	
High St. & Vicinity Cycle Measures	F1151	Planning	0.0	8.7	0.0	
Iffley Rd - Cycle Safety Measures	F1163	Planning	0.0	18.6	0.0	
Osney Lane/Beckett Street Improvements	FNew	Planning	0.0	62.6	0.0	
Oxford Stn. to Jericho - cycle link incl. towpath improv.	F1180	Planning	0.0	82.5	0.0	
Pear Tree Traffic Signals - prov. of crossing for cyclists	F1179	Planning	0.0	11.4	0.0	
St Giles Traffic Management	Fnew	Planning	0.0	19.0	0.0	
St. Aldates Cycling Improvements	F1117	Planning	0.0	40.4	0.0	
		<b>Planning Total</b>	<b>1487.7</b>	<b>307.2</b>	<b>0.0</b>	<b>1794.9</b>
Westgate Car Park - repairs and maintenance		Transport & Parking	250.0	0.0	0.0	
Gloucester Green Bus Station (safety measures)		Transport & Parking	20.0	0.0	0.0	
Seacourt Additional Facilities		Transport & Parking	0.0	263.5	0.0	
Pear Tree Additional Facilities		Transport & Parking	0.0	250.8	0.0	
Redbridge Park & Ride Additional Facilities	FNew	Transport & Parking	0.0	232.8	0.0	
		<b>Transport &amp; Parking Total</b>	<b>270.0</b>	<b>747.1</b>	<b>0.0</b>	<b>1017.1</b>
		<b>Grand Total</b>	<b>20918.9</b>	<b>19081.1</b>	<b>9565.7</b>	<b>49565.8</b>

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