

**To: City Executive Board and Council**

**Date: 6<sup>th</sup> October 2010 and 18<sup>th</sup> October 2010**

**Item No: 11**

**Report of: Head of Finance**

**Title of Report: Review of 2010-11 Capital Programme**

### **Summary and Recommendations**

**Purpose of report:** To update the 2010-11 Capital programme following prioritisation.

**Key decision?** No

**Executive lead member:** Councillor Ed Turner

**Report approved by:**

**Finance:** Emma Burson

**Legal:** Lindsay Cane

**Policy Framework:** Transform Oxford City Council by improving Value for Money and Service performance.

**Recommendation(s):** City Executive Board recommends that Council approves the changes to the 2010-11 Capital Programme set out in paragraphs 6 to 14 and detailed in Appendix 1.

### **Background**

1. The Capital Budget for 2010-11 was approved by Council on 22<sup>nd</sup> February 2010 a schedule of additional schemes were also approved subject to prioritisation, appraisal and funding.

2. Since February uncertainty over future funding has increased. The Chancellor's Emergency Budget in June 2010 included plans to review Prudential Borrowing arrangements which could limit local authorities' ability to borrow.
3. The Council's budget set out a strategy of limiting the use of capital funding should Prudential Borrowing be restricted.
4. The prospect of up to 40% cuts to Formula Grant in the Comprehensive Spending Review means that all revenue expenditure must be kept under review and net spending in 2010-11 maintained within budget. Pressures mainly from reduced income identified in the first quarter of 2010-11 led to a review of discretionary spending in order to bring the budget back to balance. The revenue contribution to the Capital Programme was included in this review.
5. The revised capital programme for 2010-11 is shown at Appendix 1. The programme has been amended to address funding pressures within the current financial year, revised priorities as well as slippage. The main changes are described below.

### **Capital Programme Review**

#### Unfunded Maintenance backlog

6. Since the maintenance backlog is not funded, it is recommended that it is removed from the capital programme. Priority projects to address the backlog will be brought forward as part of 2011-12 budget proposals.

#### Area Committee capital budgets

7. An unallocated budget of £133,218 was carried forward into 2010-11. It is recommended that funding is released for three new priority projects - North East Marston Croft Road recreation ground (£25,000), Dawson Street gardens (£19,000) and Peat Moors all weather pitch (£17,000). It is recommended that the residual balance of £72,218 is removed from the Programme.

#### Old Fire Station project

8. Following final contract pricing an increase to the overall budget of £51,051 has been identified. However, funding from CRISIS has been increased from £100,000 to £200,000. Funding for the project is now as follows:

Total project cost	£3,566,712
Funding from HCA (received)	£2,882,393
Funding from CRISIS	£200,000
Funding from Oxford City Council	£484,319

#### Corporate Assets

9. Projects have been reviewed and prioritised. The proposed adjustments reduce the amount to be funded from revenue contributions from £700,000 to £500,136. It is recommended that the in-year revenue saving is held to facilitate balancing the General Fund revenue budget.

#### Environmental Development

10. As part of the review of discretionary spending a reduction of £17,000 to the revenue funding for Disable Facilities Grants is recommended.

#### City Leisure

11. A new scheme was included in the 2010-11 budget at £38,000 for Rose Hill/ Iffley play sites. It is recommended that this scheme is re-designated for funding for gym facilities at Rose Hill.
12. The New Build Competition Pool project was originally included in the list of projects to be prioritised. CEB approved the initial business case and £200,000 for feasibility and design fees expenditure on 13<sup>th</sup> January 2010. On 1<sup>st</sup> September 2010, CEB approved the development of the preferred option to tender stage. It is therefore recommended that a further £435,000 from the outline project budget is approved to be drawn down to fund this work..

#### City Works Vehicles (Waste & Recycling)

13. The 2010-11 budget was set before the vehicle requirements for the new service had been finalised. It is now recommended that the 2010-11 budget should be reduced by £500,000, reflecting a reduction of four vehicles that no longer need to be replaced.

#### Gloucester Green toilets

14. Officers will investigate and report back to CEB on improvements to Gloucester Green toilets that can be financed by an income stream from this facility. This will be reviewed as part of budget proposals for 2011-12.

### **Capital Financing**

15. The revised 2010-11 capital programme requires £8 million of Prudential Borrowing and £1.3 million of capital receipts. £1.2 million of capital receipts have already been received in 2010-11, therefore the capital receipts of £3.6 million brought forward can be held in reserve. The revisions to the programme reduce the requirements for revenue funding by £200k.

### **Recommendation**

16. CEB is asked to recommend to Council the changes to the Capital Programme as set out in paragraphs 6 to 14 above and detailed in Appendix 1.

## **Next Steps**

17. As part of the Medium Term Financial Strategy planning, Service Heads have been asked to complete a capital bid proforma for all capital projects and programmes for 2011-12 to 2014-15 (including block allocations). These funding requests will be reviewed by the Corporate Assets Board to create a first draft budget for Member review. All projects will be included in this review.

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### **List of background papers:**

**Version number:**