

Capital Programme 2008/09 – 2011/12

Environment Committee

Committee: Environment Committee

Date: 18th November 2008

Title: Capital Programme 2008/09 – 2011/12

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Agenda Item

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Item for
decision

Summary

Members are requested to consider the Draft General Fund Capital Programme for this Committee, details of which are included as Appendix 1 to this report. Members' attention is particularly drawn to specific details of individual capital schemes contained within the report.

Recommendations

That Members recommend to the Finance and Administration Committee the proposed revised capital budget for 2008/09 together with the proposed capital budgets for each of 2009/10, 2010/11 and 2011/12.

Recommendations will need to be subject to paragraph 4

Background Papers

Capital budgeting, budget monitoring and financial system records held by the Financial Services.

Impact

Communication/Consultation	None.
Community Safety	None.
Equalities	None.
Finance	Details are contained within the report.
Human Rights	None.
Legal implications	None.
Ward-specific impacts	None.
Workforce/Workplace	None.

Situation

- 1 As part of the annual budget setting process, the Council sets the budget for its Capital Programme. The first stage is for officers to consider the progress of those schemes that have been approved in earlier years, and to identify potential new schemes. Each committee then considers those schemes that

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are relevant to its own portfolio of services, and makes a recommendation to the Finance and Administration Committee for the schemes which Members consider should be included in the programme. Finance and Administration Committee will determine the scope for financing the capital programme, and will consider the prioritisation of capital schemes accordingly. Development of the programme involves updating of the current year's budget as well as identifying schemes that occur in each of the three subsequent years.

- 2 The proposed programme for the Environmental Committee is attached as Appendix 1 to this report. The schedule of schemes is divided in to those previously approved, and hence already in the programme, and those which are new schemes for consideration. Where relevant, notes accompany those schemes listed in order to identify any factors that have occurred which have impacted upon the progress of existing schemes.

Vehicle Replacement Programme

- 3 The current vehicle replacement policy is to replace light goods vehicles, such as transit vans and small mechanical sweepers, every 5 years and to replace heavy goods vehicles, such as refuse freighters and septic tanks every 7 years. It is envisaged that this policy will be reviewed as part of the capital programme appraisal process to ensure the Council maximises its return on these vehicles.
- 4 As of 10 November, there is no information available about when or if the Council will recover the monies deposited with Landsbanki. It will be some time before the likely outcomes are known. Meanwhile, it is understood that auditors are likely to require councils to charge the value of the loan (and related interest) as a loss against the 2008/09 revenue budget. As this would have grave consequences for the financial stability of the council, an application is to be submitted to the Government to charge the loss against capital resources instead. It is understood that it is likely that such an application will be approved, so it must be assumed that capital resources will be significantly depleted until such time as the Landsbanki money is recovered.
- 5 The regrettable but unavoidable consequence of this is that the Council must not enter into any new capital programme commitments unless there is an existing contractual and/or legal obligation in place. The exception to this is HRA schemes although there is a requirement to keep spending within the value of the Major Repairs Allowance so that other capital resources are not depleted. The situation will be kept under review
- 6 To enable the budget process to be progressed it is necessary that the Committee gives outline approval to an indicative capital programme as detailed in this report. However, a revision of the proposed programme will be required in light of the Landsbanki capitalisation application. Therefore the Committee's decisions need to be on an "in principle" basis and subject to alteration as a result of the Landsbanki capitalisation application.

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Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Failure to identify capital spending pressures and costs accurately	Low	Medium	Continual review of the capital programme