

**Capital Programme 2008/09 – 2011/12**  
**Finance and Administration Committee**

**Committee:** Finance and Administration Committee  
**Date:** 27<sup>th</sup> November 2008  
**Title:** Draft Capital Programme 2008/9 - 2011/12  
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**Agenda Item**

**12**

Item for  
decision

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**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 agree the proposed capital budgets for each of 2008/09, 2009/10 2010/11 and 2011/12 subject to further consideration of the overall capital resource position at the Committee's meeting on 16/12/08

**Recommendations will need to be subject to paragraph 4**

**Background Papers**

Capital budgeting, budget monitoring and financial system records held by the Finance and Asset Strategy Service.

**Impact**

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

## Capital Programme 2008/09 – 2011/12

### Finance and Administration Committee

#### 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 are relevant to its own portfolio of services, and makes a recommendation to this Committee for those schemes which Members consider should be included in the programme. This Committee therefore needs to first consider schemes relating to its own services, prior to looking at the Council's overall Capital Programme and proposed financing at the meeting on 16/12/08. 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 this 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.
- 3 In essence, this Committee's schemes are divided between Information Technology schemes, which have already been considered and supported by a meeting of the Member IT Working Group on 7<sup>th</sup> January 2007, and other schemes.
- 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.

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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.

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.

**Risk Analysis**

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