

# CAPITAL PROGRAMME

## 1. Introduction

1.1 The Council has two main elements to its capital programme:

- Housing Capital Programme
- General Fund Capital Programme

These are presented in the following pages along with details of how schemes get included into the programme. The programmes themselves show the expected expenditure profile of the schemes, and note relevant Committee authorities. Where relevant, remarks on the financing and other aspects of schemes are also made.

## 2 Capital Expenditure

2.1 The Local Government Act 2003 requires local authorities to capitalise expenditure (i.e. instead of charging it to revenue) in accordance with proper accounting practices. Capital expenditure broadly comprises:

- The acquisition of land, buildings, plant, apparatus and vehicles:
- The construction of roads and buildings
- The enhancement of land, roads and buildings

2.2 Enhancement means either a substantial increase in the asset value, or a substantial lengthening of its useful life, or substantial increase in the extent to which it can be used.

2.3 The government may also make regulations and determinations that add new categories of expenditure. For example, a government regulation allows the purchase of computer software to be treated as capital expenditure.

## 3 Financing Capital Expenditure

3.1 The Prudential System of capital finance commenced on 1 April 2004. The Prudential System has the following main features:

- Authorities have freedom to borrow what is prudent and affordable.
- There is a concept of supported (by government subsidy) and unsupported debt (what local authorities choose to pay for themselves).
- It is designed for future flexibility and long term planning for capital expenditure.
- Local authorities must have regard to a "Prudential Code".

3.2 Under the Prudential System local authorities have five main ways of financing capital expenditure:

- Borrowing within prudential limits
- Capital grants from the government or other parties
- "Usable" capital receipts
- Revenue
- Leasing and other credit arrangements

3.2 The use of revenue contributions in Runnymede are severely limited by constraints on the revenue budget and the need to retain revenue reserves in line with the financial strategy.

- 3.3 Traditionally, most capital expenditure in Runnymede has been financed by grants and from capital receipts from the sale of capital assets. The generation of both capital and revenue streams from property is a significant part of our financial strategy.
- 3.4 Generally the capital control rules do not distinguish between (ring fenced) HRA and General Fund capital expenditure and receipts. However, since 1 April 2004, a proportion of certain housing capital receipts have had to be paid to a government "pool". A proportion of receipts from Right to Buy sales of council dwellings must be paid to the government pool. For all other receipts from the sale of housing assets, the Council applies the option to use these receipts for housing and regeneration purposes rather than paying them to the pool.

#### **4. Capital Strategy**

- 4.1 The capital strategy reflects the identified needs arising from the Council's strategic objectives and a review of service needs. The strategy was last approved by the Council on 18 December 2008.
- 4.2 New capital projects are brought forward to service committees once a completed set of Capital Programme Appraisal Forms are produced by the department proposing each new project following consultation with the Director of Finance. Schemes are then prioritised and evaluated according to the agreed corporate criteria before reporting back to Members.
- 4.3 Forward projections have been made of capital resources likely to be available within the period of the plan and this provides the framework within which the Capital Programme has been developed. These plans are consistent with the Financial Forecast that was approved in December 2008.
- 4.4 The capital programme is reviewed on an ongoing basis throughout the year and only those schemes which have undergone detailed scrutiny are approved for implementation.

#### **5. Asset Management**

- 5.1 The Asset Management Plan provides the foundation for developing the principle of corporate property management across all services. The plan supports the Strategic Plan and creates the corporate process for optimising the contribution that property makes to the delivery of quality services to the community. The Corporate Property Group, whose membership comprises officers from each department, plays a co-ordinating role to ensure that asset management is applied consistently across all services.
- 5.2 Any scheme relating to the purchase or repair and maintenance of a property related asset are prioritised in accordance with the following criteria approved in the Capital Strategy.

##### **Priority 1**

- Schemes essential and to the extent necessary to comply with statutory obligations
- Schemes for which there is a contractual commitment to another party
- Schemes necessary to avoid a service breakdown
- Schemes necessary in the interests of safety

##### **Priority 2**

- Schemes necessary to maintain an existing asset
- Schemes necessary to maintain required standards of service
- Schemes to meet urgent established need
- Schemes which will permit future savings or increased efficiency
- Schemes which a business plan demonstrates to be self-financing

### **Priority 3**

- Schemes to permit the development of services in accordance with approved policies

### **Priority 4**

- Schemes representing other desirable development services
- Schemes to meet emerging needs and/or demands emanating from consultation, benchmarking or Best Value exercises.

5.3 All schemes will be evaluated against the scoring criteria, which are weighted on the basis of these priorities and this will form the basis for prioritisation by Members.

## **6. Housing Capital Programme**

6.1 The Housing Capital Programme supports the objectives contained in our Housing Strategy. It includes all capital expenditure on housing issues, and includes resources for new affordable housing, capital works on the HRA stock, and on private sector improvement.

6.2 New affordable housing is usually provided in partnership with the registered social landlord (RSL) sector.

6.3 The Regional Housing Boards are responsible for establishing Regional Housing Strategies and for co-ordinating housing investment through the administration of a Regional Housing Pot. Significant levels of the funding from the Pot are allocated to the Housing Corporation, which is responsible for ensuring investment against national and regional priorities.

6.4 The grant application process requires RSLs to bid for funds for schemes directly to the Housing Corporation.

## **7 General Fund Capital Programme**

7.1 The General Fund Capital Programme contains all our other capital projects and schemes. The programme is divided into service categories.

7.2 The revenue impact of capital schemes is reflected in the service accounts. These include the revenue costs (or savings) needed to maintain and operate the assets created. The service revenue budget is also charged for the cost of capital used plus depreciation if applicable.

7.3 The affordability of schemes is an important element in the capital programme process. In particular, when capital receipts are used to finance a scheme, the Council forgoes the interest that could have been generated if the cash was not spent. Interest earnings on capital receipts are a major element in supporting the revenue budget.

# HOUSING CAPITAL PROGRAMME: 2007/08 to 2012/13

## INTRODUCTION

This programme shows the latest estimates for projects in the Housing Capital Programme. The programme is subject to constant change to take advantage of opportunities to provide social housing and to cater for revised timing of implementation of schemes. The programme is also dependent on the availability of resources. The programme is split into the following parts;

### **Council Housing Stock - Housing Improvement Programme**

1. Capital repair and improvement works - financed within HRA, including the Major Repairs Allowance element of HRA Subsidy, and from housing capital receipts. These figures tally with the major repairs and improvement programme set out in the HRA Business Plan.
2. Other projects on existing Runnymede stock - financed from capital receipts.

### **Private Sector Housing Renewal - Runnymede Renewal**

3. Private sector housing renewal: This programme is partly financed from the government grant (Disabled Facilities Grant), and the remainder from capital receipts.

### **New Affordable Housing - Homes First**

4. These are payments to registered social landlords for new housing schemes. The payments are financed from capital receipts and, where available, grants and developers contributions held by Runnymede.

### **Other Schemes**

Schemes financed directly by the Homes and Communities Agency and from other specific government funding streams (e.g. Recycled Capital Grant Fund) are not reported here

# HOUSING CAPITAL PROGRAMME: 2007/08 to 2012/13

Committee approval							
Total	Frequency	Actual 2007/08	Budget 2008/09	Budget 2009/10	Budget 2010/11	Budget 2011/12	Budget 2012/13
£		£	£	£	£	£	£

REMARKS

## 1. Runnymede Housing Stock - Capital repair & improvement works on existing stock

### Notes

All these works are funded by the Housing Revenue Account, mainly through the Major Repairs Allowance.

The works programme is in line with the assumptions used in the latest HRA Business Plan

Inflation rate assumption

3.00%	3.00%	3.00%	3.00%
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### Analysis of the Capital Works Programme

Heating and insulation programme	1,611,960	Annual	348,755	120,000	150,000	275,489	271,679	446,037
Kitchen and bathroom programme	5,852,559	Annual	569,940	2,024,000	1,435,000	656,485	579,582	587,552
Major repair works	8,162,893	Annual	1,139,901	1,992,000	807,700	1,269,595	1,611,964	1,341,733
Exceptional extensive works	827,820	Annual	0	0	0	270,530	278,645	278,645
Sheltered schemes - special works	248,476	Annual	37,622	40,000	41,000	42,436	43,709	43,709
Conversions & adaptations for disabled tenants	1,324,500	Annual	192,997	255,000	211,000	217,485	224,009	224,009
<b>Total - Existing Stock</b>	<b>18,028,208</b>		<b>2,289,215</b>	<b>4,431,000</b>	<b>2,644,700</b>	<b>2,732,019</b>	<b>3,009,589</b>	<b>2,921,685</b>



# HOUSING CAPITAL PROGRAMME: 2007/08 to 2012/13

Committee approval								REMARKS
LATEST BUDGET	LATEST APPROVAL	Actual 2007/08	Budget 2008/09	Budget 2009/10	Budget 2010/11	Budget 2011/12	Budget 2012/13	
£		£	£	£	£	£	£	
<b>3. Private Sector Housing Renewal - "Runnymede Renewal"</b>								
<b>Disabled Facilities Grant Subsidy</b>								
Maximum government subsidy (government determined)		234,000	270,000	270,000	270,000	270,000	270,000	Government grant not paid beyond this amount  60% of DFG expenditure only up to April 2008
Actual government subsidy applied		142,219	-	-	-	-	-	
<b>Improvement Grant Expenditure</b>								
Disabled Facilities Grants	2,312,032	Sept 2005	237,032	350,000	400,000	425,000	450,000	SHIP partnership
Discretionary Renovation Grants	140,153	July 2003	23,153	23,000	17,000	18,000	26,000	
Minor Works Assistance Grants	79,427	July 2003	9,427	14,000	14,000	14,000	14,000	
Repayments of grants	0	July 2003	0	0	0	0	0	
Warmth for 1000 prject	42,000	June 2008	0	7,000	14,000	14,000	7,000	
Loans - Granted	270,393	July 2003	20,393	50,000	50,000	50,000	50,000	
Loans - recovered	-27,318	July 2003	(27,318)	0	0	0	0	
<b>Total Runnymede Renewal</b>	<b>2,816,687</b>		<b>262,687</b>	<b>444,000</b>	<b>495,000</b>	<b>521,000</b>	<b>547,000</b>	<b>547,000</b>

# HOUSING CAPITAL PROGRAMME: 2007/08 to 2012/13

Committee approval								REMARKS
LATEST BUDGET	LATEST APPROVAL	Actual 2007/08	Budget 2008/09	Budget 2009/10	Budget 2010/11	Budget 2011/12	Budget 2012/13	
£		£	£	£	£	£	£	
<b>Street properties</b>								
DIYSO and Homebuy	301,297 Mar 2007	301,297	0	0	0	0	0	Note: SHG = Social Housing Grant from the Homes and Communities Agency  Budget for 07/08 carried over from 06/07. No further new cases from February 2007.  Residual sum due (old scheme)  Dwellings completed and occupied in 2008  SHG and extra £75k agreed with Crest  Funding may be returned; replaced by SHG.  Assume met from Housing Corporation funding  Assume met from Housing Corporation funding.  This provision is £1.5m a year (£1m from 2012), topped-up by receipts from new land sales and any unspent budget carried forward from previous years, less schemes listed above financed from this provision..  Will only be committed after cash received from developers in line with relevant S106 agreements
<b>Other local schemes</b>								
Vicarage Road, Egham	112,909 Sept. 2004	112,909	0	0	0	0	0	
Chertsey Bridge Wharf (Phase 3)	450,000 May 2004	450,000	0	0	0	0	0	
Roakes Avenue, Addlestone	360,000 March 2005	0	360,000	0	0	0	0	
St Annes School site, Virginia Water	700,000 Jan 2008	0	700,000	0	0	0	0	
Pretoria Road, Chertsey	0 June 2007	0	0	0	0	0	0	
Old civic offices & police station, Addlestone	0	0	0	0	0	0	0	
Available for new schemes: Runnymede funds	7,077,000	0	440,000	2,637,000	1,500,000	1,500,000	1,000,000	
Available for new schemes: From potential developers contributions		0	0	892,000	0	0	0	
<b>Total New Affordable Housing</b>	<b>9,001,206</b>	<b>864,206</b>	<b>1,500,000</b>	<b>3,529,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,000,000</b>	

## GRAND TOTAL

31,336,471	4,249,178	6,872,300	6,708,700	4,793,019	5,096,589	4,508,685
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## GENERAL FUND CAPITAL PROGRAMME 2008/09 to 2012/13

		EXPENDITURE PROFILE									
		Approval Date	TOTAL BUDGET	Actual to 31.03.08	Budget 2008/09	Budget 2009/10	Budget 2010/11		Budget 2011/12	Budget 2012/13	Comments
		£	£	£	£	£	£		£	£	
<b>Community Services</b>											
Day Centre vehicles	HCS - June 08	100,000		100,000						Fleet review required by 2009/10	
Day Centre vehicles	-	250,000				250,000				Fleet review required by 2009/10	
Dial-a-ride vehicles	-	35,000			35,000					Fleet review required by 2009/10	
		<b>385,000</b>		<b>100,000</b>	<b>35,000</b>	<b>250,000</b>					
<b>Leisure Services</b>											
<b>Sports &amp; Leisure Centres</b>											
Egham - Replacement of fitness equipment	Annual provision	170,000		25,000	25,000	40,000	40,000	40,000		Annual rolling provision - funded from reserve	
Addlestone - Replacement of fitness equipment	Annual provision	130,000		20,000	20,000	30,000	30,000	30,000		Annual rolling provision - funded from reserve	
Egham - Outside pitches & changing rooms	CMC - Dec 05	606,000	602,600	3,400							
Addlestone - Major Improvement Scheme	L&E - Mar 05	1,529,100	1,527,500	1,600							
<b>Public Halls</b>											
Chair replacement programme	L&E - Nov 07	17,000		17,000						Partially offset by £10,000 grant	
<b>Parks and Open Spaces</b>											
Hythe Park - Creation of Park	L&E - Mar 08	394,800	201,600	193,200						Part funded by third parties & planning cont'ns	
Hythe Park - Park lighting	SO42 - Sept 08	30,000		30,000							
Hythe Park - Toddlers play area	L&E - Mar 08	49,000		49,000						Funded entirely from AIR	
Hythe Park - Multi use play area	L&E - Mar 08	58,000		58,000						Funded by lottery grant	
Hythe Park - Adventure play area	L&E - Mar 08	58,000		58,000						Funded by lottery grant	
Play equipment replacement programme	L&E - Sept 05	329,000	282,100	46,900							
Play equipment replacement programme	L&E - Sept 08	300,000			100,000	100,000	100,000			Deferred by CMC - Oct 2008	
Play equipment replacement programme	-	100,000						100,000		Subject to future report	
Frank Muir Memorial Field - Environmental Work	L&E - June 05	27,600	18,000	9,600						Funded entirely from AIR	
Frank Muir Memorial Field - Skate Park	L&E - Nov 07	49,000		49,000						Funded by third parties	
Chertsey Rec sewerage pump	L&E - Jan 06	14,000		14,000							
St Ann's Hill	-	500,000				500,000				Subject to future report - Potential lottery grant	
Replacement of Parks vans	-	30,000			30,000					Subject to future report	
<b>Cemeteries</b>											
Addlestone Cemetery extension	L&E - Jun 08	200,000		100,000	100,000						
		<b>4,591,500</b>	<b>2,631,800</b>	<b>674,700</b>	<b>275,000</b>	<b>670,000</b>	<b>170,000</b>	<b>170,000</b>			

## GENERAL FUND CAPITAL PROGRAMME 2008/09 to 2012/13

			EXPENDITURE PROFILE						
			Approval Date	TOTAL BUDGET	Actual to 31.03.08	Budget 2008/09	Budget 2009/10		Budget 2010/11
		£	£	£	£	£	£	£	
<b>Environmental Services</b>									
<b>Environmental Services</b>									
Refuse and Street Cleansing vehicle fleet	-	<b>1,500,000</b>						1,500,000	Subject to future report
Waste Recycling initiatives	Env - Jan 97	<b>48,500</b>			18,500	10,000	10,000	10,000	Annual rolling provision
Recycling banks and kerbside boxes	L&E - Nov 08	<b>15,500</b>		15,500					
Replacement Graffiti Team vehicle	-	<b>36,000</b>			36,000				Subject to future report
Refuse computer system	L&E - Sept 07	<b>40,000</b>	36,800	3,200					Funded by LAA Recycling grant
<b>Safer Runnymede</b>									
Equipment Replacement Schedule	Annual Provision	<b>440,000</b>		40,000	100,000	100,000	100,000	100,000	Annual provision
Equipment for new Civic Offices:									
Control room fit out	CMC - Jan 08	<b>400,000</b>	375,600	24,400					
Careline	CMC - Jan 08	<b>97,000</b>	6,200	90,800					
Alarms	CMC - Jan 08	<b>20,000</b>		20,000					
Ancillary room fit out	CMC - Jan 08	<b>70,000</b>	66,800	3,200					
Consultants fees	CMC - Jan 08	<b>35,200</b>	20,000	15,200					
		<b>2,702,200</b>	<b>505,400</b>	<b>212,300</b>	<b>154,500</b>	<b>110,000</b>	<b>1,610,000</b>	<b>110,000</b>	
<b>Economic Development</b>									
<b>Planning Implementation</b>									
Purchase of Tulk Field	EDC - Nov 02	<b>47,000</b>			47,000				Priority downgraded (Sept 2008)
Provision for SPA purchases	-	<b>300,000</b>			300,000				Subject to sufficient contributions received.
<b>Offices, Buildings, Depots etc.</b>									
New Civic Offices:									
Construction	CO Sub - Jan 06	<b>15,068,500</b>	14,504,500	564,000					Budget increased January 2007
Car Park (Phase 2)	CO Sub - Jan 06	<b>510,000</b>	3,100	506,900					
Furniture, Fixtures & Equipment	CO Sub - Dec 07	<b>586,000</b>	372,200	213,800					
IT Network & Telephony	CO Sub - Aug 07	<b>420,000</b>	170,400	249,600					
Strategic maintenance programme	-	<b>1,343,500</b>		345,400	143,100	285,000	285,000	285,000	Subject to future Committee report 2008/09 increase offset by 2009/10 saving
<b>Other</b>									
Beomonds Allotments: De-contamination	L&E - Sept 03	<b>70,900</b>		70,900					Possible grant to offset costs
Property modernisation - Station Road, Addlestone	EDC - Nov 08	<b>50,000</b>		50,000					
Car Parking P&D machine replacement	-	<b>92,000</b>				92,000			Funded from reserve
Depot pooled vehicle	SO42 - Aug 08	<b>10,100</b>		10,100					
		<b>18,498,000</b>	<b>15,050,200</b>	<b>2,010,700</b>	<b>490,100</b>	<b>377,000</b>	<b>285,000</b>	<b>285,000</b>	

## GENERAL FUND CAPITAL PROGRAMME 2008/09 to 2012/13

		Approval Date	TOTAL BUDGET	EXPENDITURE PROFILE					Comments	
				Actual to 31.03.08	Budget 2008/09	Budget 2009/10	Budget 2010/11	Budget 2011/12		Budget 2012/13
			£	£	£	£	£	£		
<b>Corporate &amp; Business Services</b>										
<b><u>IT General Provisions</u></b>										
Hardware replacement programme 2007/08		CMC - Sept 06	<b>620,500</b>	468,400	152,100					
Hardware replacement programme 2008/09		CMC - Sept 08	<b>133,500</b>		133,500					
Hardware replacement programme		-	<b>459,400</b>		20,100	72,000	113,700	138,800	114,800	Subject to annual committee reports
System upgrades & developments		-	<b>455,100</b>		55,100	100,000	100,000	100,000	100,000	Subject to specific justification & approval
<b><u>IT Corporate Schemes</u></b>										
Document Management System:										
Council Tax / Hsg Benefits automated reporting		CMC - Jan 06	<b>34,000</b>	26,500		7,500				Deferred
Link with Housing i-World system		CMC - Jan 06	<b>26,500</b>			26,500				Deferred
GIS Integrated datasets		-	<b>92,200</b>			92,200				
Laptop and Remote Working Security		CMC - Feb 09	<b>10,400</b>		10,400					
<b><u>IT Specific Schemes</u></b>										
Teleform system upgrade		CMC - Sept 04	<b>14,600</b>	9,500	5,100					
Members computers		SO42 - June 08	<b>12,000</b>		12,000					
Queue Management System		SO42 - July 08	<b>7,300</b>		7,300					
Building Maintenance helpdesk system		Virement - Oct 08	<b>14,200</b>		14,200					Virement from Strategic Maintenance Plan
Safer Runnymede voice recorder		-	<b>11,500</b>		11,500					Subject to future report
<b><u>Grant Aid to Sporting and Community Organisations</u></b>										
Grants to local organisations		Annual Provision	<b>294,800</b>		94,800	50,000	50,000	50,000	50,000	Priority downgraded (Sept 2008)
Grants to scout & guide groups		Annual Provision	<b>16,500</b>		4,500	3,000	3,000	3,000	3,000	Priority downgraded (Sept 2008)
			<b>2,202,500</b>	<b>504,400</b>	<b>520,600</b>	<b>351,200</b>	<b>266,700</b>	<b>291,800</b>	<b>267,800</b>	
<b>Total General Fund Capital Programme</b>			<b>28,379,200</b>	<b>18,691,800</b>	<b>3,518,300</b>	<b>1,305,800</b>	<b>1,673,700</b>	<b>2,356,800</b>	<b>832,800</b>	