

# APPENDIX D

## WAVERLEY BOROUGH COUNCIL

### ENVIRONMENT AND LEISURE OVERVIEW AND SCRUTINY COMMITTEE - 12<sup>TH</sup> JANUARY 2010

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#### Title:

#### **FINANCIAL STRATEGY 2010/2011 – 2012/2013 DRAFT CAPITAL PROGRAMME 2010/2011**

[Wards Affected: All]

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#### Summary and purpose:

The report puts forward proposals for the draft 2010/2011 Capital Programme in respect of the General Fund services for consideration by the Overview and Scrutiny committees during January. Observations will be reported to the Executive on 2<sup>nd</sup> February, with final approval of the Capital Programme being determined by Council on 16<sup>th</sup> February.

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#### How this report relates to the Council's Corporate Priorities:

The Council has a set of specific Capital Priorities, the Capital Programme proposed supports these priorities.

#### Equality and Diversity Implications:

There are no direct equality and diversity implications as a result of the recommendations of this report.

#### Resource/Value for Money implications:

Resource implications are contained throughout the report.

#### Legal implications:

There are no direct legal implications as a result of the recommendations of this report.

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#### Introduction

1. Each year, the Council reviews its three-year Capital Programme and in particular agrees the provisions to be included within the Budget for the year ahead. The overall parameters for the Capital Programme are set out within the Council's Financial Strategy. The Capital Programme proposals for 2010/2011, as supported by the Heads of Service and the Corporate Management Team, are attached for consideration at Annexe 1.

## **Draft 2010/2011 Capital Programme**

2. The proposed 2010/2011 Capital Programme amounts to £4,699,700 as shown at Annexe 1. Schemes that fall within the remit of ELOS are indicted on the schedule.

3. The schemes within the draft Programme have been analysed over the following four categories:

-External Funding	505,000
-Revenue	498,000
-Committed	2,923,000
-Other	773,200

4. External Funding

This covers those schemes, or the portion of schemes, that are funded externally and include grants, contributions and Section 106 agreements.

5. Revenue

There are specific accountancy requirements that have to be met for expenditure to be classed as capital. These include:

- The benefit should last for more than one year
- The expenditure should be significant
- The expenditure should create or increase the value of an asset; and
- Exclude expenditure on maintenance or repairs to maintain an asset at its current standard

The treatment of assets within the final accounts is becoming an increasingly significant issue for all local authorities. In recent years significant expenditure has had to be transferred from the Capital Programme to the Revenue Accounts at the year-end in order to comply with accounting requirements. This has been reported to the Executive and has had no overall impact, because revenue funding has been adjusted as appropriate. However, this process causes confusion and it is therefore intended that when the Budget is set this year at Council the schemes shown within the 'Revenue' category will form part of the Revenue Estimates rather than the Capital Programme. The Revenue Contribution to Capital of £1.6m will be adjusted accordingly.

6. Committed

This category includes all schemes that could reasonably be regarded as committed, either contractually, through policy commitments, or because expenditure is unavoidable. It should be noted that the Leisure Strategy schemes at Farnham and Godalming Leisure Centres, with total expenditure of £2,923,000 in 2010/11 covered by prudential borrowing, fall within this category.

7. Other

This category covers all remaining schemes, including some proposed new projects. It is suggested the Committee focus consideration on the schemes within this category, because in practice considerably more discretion over expenditure applies in these areas.

**Details of Schemes**

8. In order to assist the Committee with consideration of the draft Programme, details of all the schemes within the 'Revenue' and 'Other' categories are shown at Annexe 2. These are in the form of the Justification Statements and Reports completed by the Heads of Service to support the bids submitted.

**Prioritisation**

9. In most years, some extent of prioritisation is necessary to match the amount available to fund the discretionary element of the Programme. This year the Heads of Service, Corporate Management Team and Star Chamber have jointly agreed the Programme put forward to Committees, based on initial bids and resources available. As demonstrated on page 3 of Annexe 1, the draft Programme is balanced to resources that include the annual £1.6m contribution from Revenue via the Revenue Reserve Fund. However, a reduction of this contribution to £1.5m or lower may be necessary in order to assist the Revenue position. (the figures would become £1.1m and £1m if all of the transfer of the 'Revenue' category as explained in paragraph 6 is agreed) The Committee is requested to consider which schemes within its remit should receive a lower priority in this situation.

**Conclusion**

10. Comments made at the Overview and Scrutiny meetings will be reported to the next meeting of the Executive on 2<sup>nd</sup> February 2010, which will agree final recommendations to Council on 16<sup>th</sup> February 2010.

**Recommendation**

It is recommended that the Committee notes the report and informs the Executive of its views on the draft Capital Programme for the services within its remit and in particular whether it feels specific schemes should receive a lower priority, should it be necessary to reduce the Programme.

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**Background Papers (DCE)**

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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