

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE 16 NOVEMBER 2005

REPORT OF THE FINANCIAL SERVICES MANAGER

This matter is the responsibility of Executive Councillors Bradley, Cavill and Garner.

CAPITAL PROGRAMME UPDATE 2005/06

1 Executive Summary

1.1 The Executive is asked to seek Full Council approval for changes to the Capital Programme for the following schemes:

- Additional funding for the Indoor Tennis Centre extension of £60k,
- Virement of £44k from the "Grants to Parish Play Areas" budget towards Health & Safety Improvements in TDBC play areas within parishes,
- Virement of a total of £28k from the Depot Improvements Budget to DDA works and to the DLO reserve,
- Reductions to the Housing capital programme and an additional RCCO from the HRA working balance (plus associated GF revenue costs) to meet a shortfall in Right to Buy Capital Receipts.

2 Introduction

2.1 Over recent months Officers have reported to their respective Review Panels some expected changes to the Capital Programme of the Council. This report consolidates these variations into one report and seeks Executive endorsement prior to final approval by Full Council. The following sections of this report deal with each relevant portfolio in turn.

3 Leisure Portfolio (Executive Cllr Bradley)

3.1 There are 2 variations to the Leisure Portfolio which require approval, these are:

- Changes to the funding of the Indoor Tennis Centre Extension, and
- Virement of an underspend on the "Grants to Parish Play Areas" budget towards Health & Safety Improvements in TDBC play areas within parishes.

Each is detailed below.

3.2 Changes to the funding of the Indoor Tennis Centre Extension

The Health & Leisure Review Panel on 29 September considered and approved a confidential report that sought Executive approval to increase the level of funding provided by the Council for this scheme by £60k from £90k to £150k.

3.3 The original funding for this scheme was as follows:

Funding Partner	Financial Input £000
LTA (40% grant/60% loan)	150
Taunton Tennis Club	30
Richard Huish College	30
TDBC	90
Total	300

The funding from Taunton Tennis Club and Richard Huish College was dependant upon these organisations agreeing with Tone Leisure the amount of court time that such an investment would secure. Following a more detailed examination of the business case and extensive discussions with all partners, it is now apparent that this arrangement is not in the best interests of Tone Leisure, TDBC or the 2 groups concerned. In summary, the level of return required by these partners would be disproportionate to the amount of investment that they would be putting into the new asset.

- 3.4 As an alternative to the above Tone Leisure have indicated that they would be willing to borrow £60k to replace the lost funding. However, it would be economically more sensible for the Council to draw down on its existing unallocated capital resources to meet this additional cost and for Tone Leisure to repay the Council over a period of years. The Council would charge Tone Leisure an interest charge based on the favourable borrowing rates which it enjoys with the Public Works Loan Board. This would save Tone Leisure around £7k in interest costs, when compared to borrowing from an external lender.
- 3.5 If the Executive were to support the additional £60k funding loan for this scheme, it would represent a change to the capital programme and, as such would require approval from Full Council. Further details are shown in the original report to the Health & Leisure Panel.
- 3.6 **Virement of an underspend on the “Grants to Parish Play Areas” budget towards Health & Safety Improvements in TDBC play areas within parishes.**
On 15 November the Health & Leisure Review Panel will consider a report from the Leisure Development Manager, which recommends that an accumulated underspend of £44k which has built up over recent years on the Parish Play Area Grants budget be vired to fund Health & Safety Improvements on TDBC owned play areas within parishes which have been identified during a recent survey.
- 3.7 The proposal makes good use of the resources available and does not jeopardise any future applications for grant funding. At the time of writing this report the decision of the Health & Leisure Review Panel is not known however if the proposal is supported then it will require both

Executive and Full Council approval. A verbal update on the Panel's decision will be given at the meeting. Further details are shown in the original report to the Health & Leisure Panel.

4 Economic Development, Property & Tourism Portfolio (Executive Cllr Cavill)

- 4.1 There is one variation to this portfolio. Work to re-roof part of Priory Depot was included in the Capital Programme at a cost of £28k. This was due to be funded from the DLO reserve. The view of the Corporate Property Officer and the Housing Property Services Manager is that this work is no longer required and as an alternative it is proposed that £13k of this budget be vired to fund DDA works at the Depot and the remaining £15k will no longer be required.
- 4.2 As this work was to be funded from DLO reserves this proposed saving does not impact on unallocated capital resources. If the Executive were to support this virement, as it is greater than £25k, it will be necessary to seek Full Council approval.

5 Housing Portfolio (Executive Cllr Garner)

- 5.1 Performance and Budget Monitoring reports to both the Review Board and to the Housing Review Panel have identified a shortfall in the level of capital receipts which the Authority has received in 2005/06 from Right to Buy (RTB) sales of Council dwellings. For each property sold the Council is able to retain 25% of the receipt, which is then able to be used to finance capital expenditure. At TDBC these receipts are used primarily to finance General Fund Housing capital works ie grants to RSLs.
- 5.2 The estimated number of sales, which are likely to complete in 2005/06, is 20, this is 80 lower than the volume allowed for when setting the budget for 2005/06. In monetary terms this represents a shortfall of £1.1m in useable capital receipts. When slippage in expenditure from 2004/05 to 2005/06 is taken into account this shortfall increases to £1.21m.
- 5.3 This shortfall in capital receipts is a major drain on the Council's Housing Capital Programme. Within Housing there are no unallocated capital resources with which to meet this shortfall therefore over recent months Officers have been drawing up a list of budget reductions and considering other options available to ensure that the capital programme remains affordable. This list is shown below:

Scheme	Proposed Budget Reduction/New Resources £000
Deficit in Resources	-1,210.0
New Resources Generated	
Additional in year RCCO from the HRA Working Balance	500.0
Reductions to Capital Programme:	
General Fund Housing	
Renovation Grants	290.0
Housing Revenue Account Capital Schemes	
Cash Incentive Scheme	8.5
Door Entry Systems	20.0
Soundproofing	15.0
Communal TV Aerials	20.0
Aids & Adaptations for Disabled People	65.0
Extensions	40.0
Environmental Security Measures	45.0
Work to achieve Adoptable Standards	5.0
Elderly Persons Clubrooms/DDA	20.0
Sheltered Housing Alterations	25.0
Housing Management System (purchase of key elements of the system would be deferred until 2006/07)	200.0
Associated fees	20.0
Total	-63.50

- 5.4 The reductions to the Programme fully meet the anticipated shortfall in resources and allow a small contingency to be built into the programme. Savings have been directed at the “discretionary” areas of spend and work towards the Decent Homes standard has been protected. However in order to manage the above reductions within the HRA Capital Programme the replacement of windows within the Halcon area will not commence until the end of 2005/06. A summary of the revised Housing capital programme is now shown at Appendix A.
- 5.5 Turning to the General Fund Housing programme, the table above shows that this can be largely maintained at the budgeted level (with the exception of the Renovation Grants budget which will reduce to £680k) and all grants to support the Council’s Affordable Housing programme (a key priority of the Council) can continue as budgeted. However in order to do this it has been necessary to transfer £620k of supported borrowing approval from the HRA to the GF programme. By doing this the General Fund will incur additional debt costs of approximately £60k. This transfer is necessary, as the majority of RTB receipts would have been used to fund grants to Housing Associations rather than works on the Stock itself.

- 5.6 Included in the recommendations below is a request for a supplementary estimate from reserves to meet the additional debt costs of £60k. The Executive is asked to support the reductions to the programme as outlined above.
- 5.7 Members will note that an additional Revenue Contribution to Capital of £500k is proposed in the table above. The effect of this, if approved, will be to reduce the HRA Working Balance to £1,575,901. This equates to approximately £254.55 per dwelling. This is deemed by Officers to be more than sufficient when considering the demands faced by the Housing Revenue Account. The majority of this new RCCO has been generated from the 2004/05 underspend on the HRA (£376k) which was returned to the Working Balance. The in year RCCO from the working balance would now be £1.2m.

6 Recommendations

- 6.1 The Executive is asked to support the proposed changes to the Capital Programme detailed above and to seek Full Council approval for the following:
1. Additional funding for the Indoor Tennis Centre extension of £60k.
 2. Virement of £44k from the "Grants to Parish Play Areas" budget towards Health & Safety Improvements in TDBC play areas within parishes.
 3. Virement of a total of £28k from the Depot Improvements Budget to DDA works and to the DLO reserve.
 4. Reductions to the Housing capital programme as outlined in paragraph 5.3 above.
 5. A supplementary estimate from the HRA working balance of £500k.
 6. A supplementary estimate from General Fund Reserves of £60k to meet the additional debt costs that will result from a switch of supported borrowing approvals from the HRA to the GF.

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Background Papers: Health & Leisure Panel 29 September 2005, Report of the Sports Services Manager, Taunton Tennis Centre Extension.

Health & Leisure Panel 15 November 2005, Report of the Leisure Development Manager, Financing Health & Safety works on Play Areas in the Parished Areas.

Review Board 8 September 2005, Report of the
Financial Services Manager, April - July
Performance Monitoring.

REVISIONS TO HOUSING CAPITAL PROGRAMME 2005/06

SCHEME	ORIGINAL BUDGET 2004/05	REVISIONS TO BUDGET		REVISED BUDGET 2005/06	ACTUAL YEAR TO DATE & COMMITTED
		SLIPPAGE 2004/05	REDUCTIONS 2005/06		
HRA					
LOFT CONVERSIONS	90,000.00		(40,000.00)	50,000.00	41,241.01
ENERGY EFFICIENCY/INSULATION					2,088.99
PRIORSWOOD PLACE SHOPPING CENTRE					(3,415.51)
ELDERLY PERSONS CLUBROOM	35,000.00		(20,000.00)	15,000.00	(1,065.50)
STOCK CONDITION SURVEY	80,000.00			80,000.00	142,838.00
MISCELLANEOUS	87,000.00		(40,000.00)	47,000.00	37,560.98
AIDS & ADAPTATIONS	264,800.00		(65,000.00)	199,800.00	111,071.90
COMMUNAL TV AERIALS	30,000.00		(20,000.00)	10,000.00	1,650.00
KITCHEN/BATHROOM REFURBISHMENTS	3,568,000.00	286,719.00		3,854,719.00	2,420,855.46
SHELTERED WARDENS	90,000.00		(25,000.00)	65,000.00	47,603.38
ENVIRONMENTAL SECURITY MEASURES	65,000.00		(45,000.00)	20,000.00	10,302.04
PIPER SYSTEMS	45,000.00			45,000.00	24,396.16
TENANT IMPROVEMENTS	5,000.00			5,000.00	561.32
TENANTS INCENTIVE SCHEME	250,000.00		(8,500.00)	241,500.00	241,500.00
HOUSING MANAGEMENT SYSTEM	300,000.00		(200,000.00)	100,000.00	310.00
DISABLED FACILITIES GRANTS	200,000.00			200,000.00	77,510.38
REDUCTION IN FEES INCLUDED ABOVE			(20,000.00)	(20,000.00)	
	5,109,800.00	286,719.00	(483,500.00)	4,913,019.00	3,155,008.61
NON-HRA					
PRIVATE SECTOR RENEWAL SCHEMES	118,000.00			118,000.00	69,162.22
RENOVATION GRANTS	880,000.00	90,000.00	(290,000.00)	680,000.00	457,014.37
HOUSING ASSOCIATION GRANTS	850,000.00	(99,000.00)		751,000.00	361,584.00
	6,957,800.00	277,719.00	(773,500.00)	6,462,019.00	4,042,769.20

LATEST ESTIMATE	
FUNDING	
MAJOR REPAIRS ALLOWANCE	3,427,317.00
CONTRIBUTION FROM HRA 04/05	59,340.00
CONTRIBUTION FROM HRA 05/06	700,000.00
RIGHT TO BUY SALES 04/05	289,952.00
RIGHT TO BUY SALES 05/06	387,249.00
SCA FOR DFSGS	174,000.00
APPROVED BORROWING	869,799.00
SHIP FUNDING	118,000.00
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	6,025,657.00
ADDITIONAL RCCO	500,000.00
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	6,525,657.00
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LESS REVISED BUDGET	(6,462,019.00)
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SURPLUS	63,638.00