

Report of Director of Resources

Report to Executive Board

Date: 10th February 2012

Subject: Capital Programme Update 2011-2014

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In? Except 6.1 (a) to (d)	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of main issues

1. This report sets out the updated capital programme for 2011-2014 and includes an updated forecast of resources available over that period. The Council's own resources continue to be constrained by the budget reductions implemented nationally. Capital programme schemes which are funded by external sources can continue as planned.
2. The attached capital programme is structured differently to previous years and now shows schemes under capital objective headings.
3. The revenue budget for 2012/13 sets a limit on the increase in debt costs from 2011/12 at £4.6m. Within this, interest rate increases for existing debt need to be reflected as well as new borrowing to fund the capital programme.
4. In order to keep the programme at an acceptable level of overprogramming, it has not been possible to make provision for all existing schemes and schemes which cannot proceed at present are contained within the reserved capital programme. Some schemes have been given an Amber status and require an updated business case or funding confirmation to enable them to proceed.
5. Overall, the council is seeking to deliver a total of £565.1m general fund capital investment together with £245.0m in the HRA over the period to March 2015. Careful monitoring and control throughout the year will be required to manage the programme within resources available given the constraints upon the council's resources.

Recommendations

6. Executive Board is asked to recommend to the Council:
 - a) that the attached capital programme be approved;
 - b) that the Executive Board be authorised to approve in year amendments to the capital programme including transfers from and to the reserved programme in accordance with Financial Procedure Rules; and
 - c) that the proposed MRP policies for 2012/13 as set out in 3.7 and explained in Appendix E be approved.
 - d) That the updated capital approval delegations in Financial Procedure Rules, shown in Appendix F be approved.
7. Executive Board are asked to agree:
 - a) That the list of land and property sites shown in Appendix D will be disposed of to generate capital receipts for use in accordance with the MRP policy; and
 - b) That the Director of Resources will manage, monitor and control scheme progress and commitments to ensure that the programme is affordable

1 Purpose of this report

- 1.1 This report sets out the updated draft capital programme for 2011/2014 and includes details of forecast resources for that period.
- 1.2 In accordance with the Council's Budget and Policy Framework, decisions as to the Council's capital programme are reserved to Council. In addition, statutory guidance requires that policies on Minimum Revenue Provision (see 3.7) are approved by Council. As such, the recommendations at 6.1 (a to d) are not subject to call in.

2 Background information

- 2.1 In preparing the capital programme update, a review of the phasing of expenditure on existing capital schemes has been undertaken together with an up to date projection of capital resources. Where appropriate, cost estimates have been revised.
- 2.2 This update of the capital programme has been prepared in the context of the overall resources available to the Council. The Comprehensive Spending Review in October 2010 announced reductions in public sector funding for the period to 2014/15. This capital programme covers the same period and is therefore constrained by these funding reductions. Within this framework, it is imperative that only priority capital schemes are progressed.

3 Main issues

3.1 Structure of the Capital Programme

- 3.1.1 In previous years the Council's capital programme has been set out by directorate/service. A revised format has now been introduced which categorises our expenditure plans under 5 investment objectives and these are listed below:
The capital objectives are:
 - Improving our assets
 - Investing in major infrastructure
 - Supporting service provision
 - Investing in new technology
 - Supporting the Leeds economy
- 3.1.2 In addition, a further category will be included called Central and Operational Expenditure which will include corporately controlled provisions such schemes as capital contingency and capital expenditure from revenue. Below these objectives a number of sub-categories have been established for the grouping of schemes and

all schemes within the capital programme have been allocated to a relevant category.

- 3.1.3 In terms of accountability for capital schemes, monitoring of the programme throughout the year will continue to be done at service level.
- 3.1.4 In order to determine priorities within and across the capital objectives, criteria has been developed which will be used to create an evaluation matrix. This criteria is summarised in the table below:

Objective	Evaluation Criteria
Improving our assets	Health and safety requirements Release of assets Extending the life of assets Revenue cost savings Client groups and asset location
Investing in new technology	Statutory or other inspection requirement Generates revenue savings Aids service delivery with partners Client groups the development supports
Investing in major infrastructure	Consistent with the Leeds Investment Plan Levers in external funding Regeneration/reduces congestion, journey times
Supporting service provision	Consistent with priorities in the business plan Supports service delivery with partners Avoids future costs or saves revenue costs New service or existing
Supporting the Leeds economy	Generates or protects jobs in the city Attracts new businesses to the city Levers in external capital funding Supports SMEs

3.2 Capital Programme Update 2011/12

- 3.2.1 The latest forecast expenditure for 2011/12 is £268.4m with resources of £259.4m. The general fund programmes reflects overprogramming of £9.0m and the HRA programme is showing a balanced position.

3.3 Capital Resources 2012/13 onwards

- 3.3.1 Resources of £550.8m have been identified to fund the City Council's capital programme from 2012/13 to 2014/15. These are summarised in **Appendix A**, divided into specific resources and corporate resources.
- 3.3.2 **Specific Resources** – Specific capital resources total £371.1m over this period and represent funding which has been secured for specific schemes. This could be in the form of government grants such as schools devolved formula capital and section 31 transport grant, or in the form of contributions from external bodies including the Heritage Lottery Fund and private developers. Also included are the specific HRA resources supporting HRA expenditure under the self financing

regime. As in previous years, schemes proposed by private sector developers which are supported by agreements under section 278 of the Highways Act are currently funded through the council's own corporate resources. Contributions from these agreements totalling £10.2m over the period are used to support the council's revenue budget.

- 3.3.3 **Corporate Resources** – Corporate Resources over the period total £179.7m. These represent resources which the Council has more freedom to allocate to its own policy priorities. The main sources are the single capital pot, capital receipts and borrowing. From 2010/11, a change in the way capital receipts are used mean that fewer receipts will be available to fund capital expenditure. In financing the overall capital programme, the Director of Resources will use the optimum mix of funding sources to achieve the best financial position for the Council.
- 3.3.4 In terms of forecast capital receipts for the period, a list of land and property sites for disposal during the period is included in **Appendix D**. Proceeds from these sites are assumed to fund either:
- the liabilities in the revenue budget arising from PFI schemes and finance leases or
 - existing capital programme expenditure.
- 3.3.5 Executive Board in October 2012 approved the introduction of a capital receipts incentive scheme with effect from April 2012. For eligible sites that have come forward for inclusion on the capital receipts list since October, a share of the receipt when achieved will be available to the relevant ward.
- 3.3.6 Government support announced in December 2011 is currently forecast at £43.1m for 2012/13. Government departments have clear expectations about how most of this should be spent, the Council's current policy is to passport government support to the relevant directorate. Details of the government support for 2012/13 is shown at **Appendix B**.
- 3.3.7 Total capital resources assumed are detailed in **Appendix A** and are summarised below:

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Total £m
Specific resources	147.794	155.370	122.538	93.188	518.890
Corporate resources	111.577	112.187	35.600	31.877	291.241
Total Resources	259.371	267.557	158.138	125.065	810.131

3.4 Proposed Capital Programme 2012/13 onwards

- 3.4.1 As set out above, the capital resources available for the capital programme are constrained by the level of external grants and contributions available and by the debt budget provided for in the revenue budget.

- 3.4.2 As set out in 3.1.4, in order to ensure the Council's resources are allocated to the highest priority schemes, schemes for 2013/14 onwards will be subject to the new evaluation criteria and any proposed changes to the capital programme following this will be reported to Executive Board during 2012/13.
- 3.4.3 Continuing with current arrangements, schemes within the programme are classified as 'Green' (can be progressed), 'Amber' (requiring an up to date business case) and 'Red' (reserved - not funded). As time has progressed, the reserved (Red) programme has become outdated. A review of the reserved programme has been undertaken and a number of schemes have been removed. A list of additions to and deletions from the programme (including the reserved programme) is included in **Appendix C**.
- 3.4.4 A summary of the forecast capital programme by capital objective is set out below and the updated capital programme is attached.

	2011/12	2012/13	2013/14	2014/15	Total
	£m	£m	£m	£m	£m
Improving our assets	101.250	152.093	97.260	94.502	445.105
Investing in major infrastructure	11.657	17.308	9.022	5.739	43.726
Supporting service provision	101.490	75.454	48.929	16.889	242.762
Investing in new technology	16.008	22.100	7.921	2.481	48.510
Supporting the Leeds economy	33.644	47.338	7.539	13.436	101.957
Central and Operational Expenditure	5.438	13.015	7.091	6.691	32.235
Less reserved expenditure	(1.113)	(13.893)	(9.364)	(17.400)	(41.770)
Over-programming	(9.003)	(45.858)	(10.260)	2.727	(62.394)
Total	259.371	267.557	158.138	125.065	810.131

- 3.4.5 As can be seen from the table above, from 2012/13 to 2014/15 capital investment of £810m is planned which will deliver a number of priorities, some of which are referred to in the paragraphs below:
- 3.4.6 **Improving our Assets** – this programme provides for investment of £7.8m in 2012/13 with a further £5m in 2013/14 to address backlog maintenance on district roads. An additional £5.5m in 2012/13 is provided under the Local Transport Plan for road maintenance. Specific provision has been made for essential structural works required to Parkin Lane Bridge which will ensure the continuation of essential services to the community affected. Improvements totalling £5.6m are being carried out to the Woodhouse Lane multi-storey car park in preparation for the completion of the Arena development.

In respect of Council buildings, £1.7m is provided in 2012/13 with a further £1.5m in each of the following years to address priority condition issues. Provision of £1.3m has been made to relocate council services from the Redhall site to Farnley Hall and for preparation of the outline planning application as the first phase of the Redhall master plan. These costs will be ultimately met from the sale of land at the

Redhall site. Investment of between £56m and £63m per annum is provided for improving Council houses the funding for which is now provided through the Housing Revenue Account self financing arrangements to be introduced in April 2012. This is a £16.3m increase on the resources available for Council House repairs in 2011/12.

In December 2011, the government announced formulaic allocations for schools' Capital Maintenance funding of £8.5m, which is now included in the capital programme. It is intended to use this to address priority 1-3 condition backlog in schools.

In recognition of the increasing problem of addressing derelict and nuisance sites across the city £500k has been provided in the programme over a three year period. Funding of £600k is also included to ensure the Council can fulfil its capital maintenance liabilities in relation to Otley Civic Centre, potentially as part of a wider Heritage Lottery bid.

- 3.4.7 Investing in Major Infrastructure** –Within this capital programme, provision of £1.75m is made towards a total contribution of £10m for the delivery of a Flood Alleviation scheme for the city and a further £13.1m is provided towards the New Generation Transport (NGT) scheme with a further estimated requirement of £7.8m in future years. Both these projects are dependent on government support and funding as well as contributions from external partners and agencies. A decision on NGT is expected in Spring with the outcome on the Flood Alleviation scheme bid expected later in the year. The programme continues to provide for the A65 Quality Bus Initiative which is due to complete in late summer 2012.

In respect of carbon reduction initiatives, the programme provides £1.3m for the Home Insulation programme and £3m for a scheme to introduce Photovoltaic panels on Council buildings.

The Department for Transport recently announced support for the A58M Leeds Inner Ring Road Essential Maintenance Scheme and a total of £25m is now included in the capital programme for this. Funding will be provided through a combination of government grant, Local Transport Plan, council resources and contributions from external third parties. The actual mix of funding will be dependant on the conclusion of negotiations with third parties.

- 3.4.8 Supporting Service Provision** – Under the Government's BSF programme, construction continues in 2012/13, with four schools still to be delivered (Mount St Mary's, Corpus Christi, Leeds East Academy and Farnley Park). Further funding is included in the programme following confirmation of funding to cover VAT liabilities at Mount St Mary's (£2.3m) and Corpus Christi (£2.1m). Demographic growth in Leeds continues to increase demand for reception places in primary schools. Current projections show that up to 300 additional reception places will be needed each year until at least 2014. Additional funding has been included within the capital programme towards delivery of these places through formulaic government funding for Basic Need, including an additional amount of £8.3m allocated in year for 2011/12 and an allocation in 2012/13 of £14.2m.

It is anticipated that this funding will be sufficient to deliver the primary school places required for September 2012 and 2013, however, some schemes are still being developed and so some uncertainty on costs remain. It should be noted also that some solutions to demographic pressures for 2013 could be temporary pending permanent solutions being identified in future.

Further funding of £1.5m is also included towards Basic Need following approval from Schools Forum of a contribution from schools revenue budgets in 2011/12. Government allocations of £1.8m for 2012/13 Schools' Devolved Formula Capital has also been included.

For disabled facilities grants £6.5m each year is provided (partly funded by government) and this supports in the region of 100 grants per year. A further £400k is provided for adaptations to private homes. To support more people to remain independently in their own homes, provision of £1.9m is made to continue to progress the Telecare equipment programme which is anticipated to reach over six thousand homes in total. Provision of £585k has been included to convert Harry Booth House, an Older People's Home, into a 30 bed community integrated care unit and a 10 bed residential care unit. This project is a partnership arrangement with Leeds Community Health Trust.

- 3.4.9 Investing in New Technology** – Two major client management systems are provided for in the programme; a Children's Social Care Management system to support significant practice improvements to enable professionals to fulfil their duties around safeguarding of children and young people and provision for Adult Social Care business system requirements.

The council's business mission critical ICT systems and applications are underpinned by an extensive ICT infrastructure which must be kept 'fit for purpose' and up to date to meet the growing demands of a modern organisation that is highly dependent on its ICT services. In July 2011, Executive Board approved the ICT Essential Services Programme (ESP) as a multi year programme of work dedicated to ensuring this critical infrastructure is refreshed to meet these continual demands. This ICT infrastructure typically comprises data centres, telephony, servers, networks, switches, devices, operating systems, databases, security systems etc. For example, over the next couple of years, significant investment is required to upgrade our data centres to minimise the risk of significant business disruption, replace our very old and outdated analogue telephony equipment with a modern digital system and upgrade the 10 year old enterprise class servers that host many of our largest and most important business applications e.g. financial, housing, benefits, social care systems. Provision continues to be made in the capital programme for this essential work.

Work continues on the replacement of the Council's website and intranet site together with the Electronic Document Records Management System (EDRMS) which will provide electronic storage, sharing and retrieval of documents across the Council and is a key enabler for the Changing the Workplace programme.

In schools, government funding is provided to support the BSF and PFI programmes of school investment.

- 3.4.10 Supporting the Leeds Economy** – Work continues on the 12500 seat Arena with an expected completion of March 2013. Provision of £400k has been included for some essential works to Kirkgate Market. As part of the plan for the future development of Kirkgate Market, £500k per annum is to be hypothecated from Markets revenue income to support development proposals. In 2012/13 part of this will be used to fund a full feasibility study to draw up a plan for the future development of the market.

A new scheme is included in the programme with funding of £15m over the coming three years, to support economic initiatives in the city, including continuing support for the outer areas, innovation and carbon reduction initiatives. From this, £625k will be earmarked to support the Council's commitment to the Trinity development. The Trinity development sees a £450m investment which is due to complete in 2013 and brings 4000 jobs and regeneration to the city centre. As part of the Council's commitment to this overall development, the pedestrianisation of lower Albion Street will proceed to coincide with the completion of the Trinity scheme.

The council in partnership with the Local Enterprise Partnership is delivering an Enterprise Zone in Aire Valley Leeds and £2.5m is provided to support a new spine road in the zone. This will enable public transport to connect to east Leeds and enable local people to access the new jobs. The LEP has agreed that Leeds will use funding raised from increased business rates in the zone to pay the borrowing costs for this investment. The scheme will assist with the delivery of Logic Leeds which is a 49 hectare site with 143,000 m² of development for up to 2,000 jobs.

The programme sees investment in Armley Town Centre and Chapeltown under the Townscape Heritage Initiative (Lottery) funding and an improvement scheme for Tropical World is included, partly funded by an external contribution, which will see improvement to displays and other on site facilities as well as expansion of the shop and café.

3.5 Housing Revenue Account – Self Financing Regime

- 3.5.1 The current HRA system of financing council housing will end in March 2012 and a new system of self financing will be introduced from April 2012. From 2012/13 the council will be able to retain all its rental income in return for a one off settlement of debt. In accordance with the Environment and Neighbourhoods section of the Revenue Report 2012/13 report elsewhere on this agenda, HRA capital expenditure has been set assuming a 6.82% rent increase for 2012/13.

3.6 Economic Impact Analysis

- 3.6.1 In terms of construction jobs alone, the capital investment being made in 2012/13 will support around 3000 jobs in the city. Members will recall that an interim analysis of the economic impact of the capital programme was reported to Executive Board in the capital programme half year update in November 2011. Work has continued on developing the Regional Econometric Model which will enable the evaluation of jobs created and the resulting GVA to be more precise and comprehensive. It is anticipated that this work will be completed by the end of the

financial year so that an updated position can be reported in the first quarter capital programme update report in July/August 2012.

3.7 Capital Strategy

3.7.1 The Capital Finance and Audit Regulations require councils to produce a statement of policy on making Minimum Revenue Provision (MRP). MRP is an annual revenue charge for the repayment of borrowing and other capital financing liabilities. Whilst statutory guidance gives local authorities some discretion about how to calculate 'prudent provision' for MRP, the guidance steers authorities firmly towards a limited choice of options in which the key principles are demonstrating prudence and repaying borrowing over the period in which the capital expenditure provides benefits.

3.7.2 It is proposed that Leeds adopts the following MRP policies for 2012/13:

- MRP for prudential borrowing for 2011/12's capital expenditure will be calculated on an annuity basis over the expected useful life of the asset
- MRP for borrowing to fund capitalized expenditure incurred during 2011/12 will be calculated on an annuity basis using the lifetimes recommended in the government's statutory guidance
- For all other unsupported borrowing to fund the 2011/12 capital programme, MRP will be calculated on an annuity basis over the expected useful life of the asset
- For PFI and finance lease liabilities, a MRP charge will be made to match the value of any liabilities written down during the year which have not been otherwise funded by capital receipts.

3.7.3 In deciding on the application of capital funding it is proposed that:

- Capital receipts are allocated firstly to fund the liabilities to be written down for the year in relation to PFI schemes and finance leases. This will remove the need for MRP charges equal to the value of the capital receipts applied.
- Any remaining capital receipts and any other general capital income will then be allocated to those capital schemes which relate to the shortest lived assets.

The options to be considered in determining the policy are set out in more detail in the MRP policy at **Appendix E**.

3.8 Prudential Indicators

3.8.1 Under the current self regulatory financial framework, CIPFA's prudential code for capital finance¹, each authority is required to set a number of prudential indicators and limits for its capital plans which will include affordability, the impact of capital investment plans on council tax and housing rents, capital expenditure levels, external debt and treasury management indicators. A number of these indicators

relate specifically to treasury management operations and for 2012/13 these are included in the treasury management strategy report elsewhere on the agenda. In relation to capital expenditure, and in accordance with the prudential code, this report indicates future levels of capital expenditure, forecast resources and the resulting borrowing requirement (before providing for the statutory charge to revenue for past capital expenditure, known as minimum revenue provision). Details are set out in **Appendix A**.

- 3.8.2 Any unsupported borrowing carried out must be affordable within the revenue budget (i.e. the cost of debt repayments). For 2012/13, all schemes funded through unsupported borrowing have been provided for in the revenue budget, approval for which is contained within the revenue budget report.

4. Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The Council's initial budget proposals, including capital programme, were set out in a report to Executive Board in December 2011. This initial budget proposals report was subsequently considered and reviewed by Scrutiny. One specific comment was made in relation to the capital programme as follows:

- That sufficient capital is provided to support the medium and long term objectives of the customer access strategy and particularly the waste management project.

- 4.1.2 The report was also used for wider consultation with the public through the Leeds internet and in addition a specific meeting was held with the Youth Council. Comments from the Youth Council in relation to capital programme are as follows:

- The Council should be more selective in school refurbishment programmes. Only refurbishing/replacing the parts of buildings where it is strictly necessary
- Areas that were mentioned for spending less or making savings included unnecessary new/replacement equipment in schools and cutting back on road and pavement repairs.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The capital programme sets out a plan of capital expenditure over future years and further spending decisions are taken, in accordance with capital approval processes, as projects are developed. This is when more detailed information will be available as to where in the city capital spending will be incurred and the impact on services, buildings and people. Service Directorates will include equality considerations as part of the rationale in determining specific projects from capital budgets.

4.3 Council Policies and City Priorities

- 4.3.1 Capital objectives were set out and agreed in the initial budget proposals report considered by Executive Board in December 2011. The capital programme attached to this report, is structured to show schemes under these objectives. Paragraph 3.1.4 of this report sets out the criteria that will be used to prioritise schemes further within and across these objectives.

4.4 Resources and Value for Money -

- 4.4.1 The resource implications of this report are detailed in section 3 above. For the capital programme to be sustainable, the Director of Resources must be satisfied that spend in each year of the programme can be afforded. A level of overprogramming is suitable for the capital programme to take account of the nature of capital schemes where timing is not always easy to predict.
- 4.4.2 The overprogramming over the life of the capital programme stands at £62.4m which is higher than in previous years. This all relates to general fund services and represents 9.9% of programmed expenditure, the HRA forecasts a balanced position.
- 4.4.3 In order to ensure that schemes meet Council priorities and are value for money, the Director of Resources will put processes in place to ensure;
- the introduction of new schemes into the capital programme will only take place after completion and approval of a full business case and identification of the required resources;
 - promotion of best practice in capital planning and estimating to ensure that scheme estimates and programmes are realistic;
 - the use of unsupported borrowing by directorates based on individual business cases and in the context of identifying the revenue resources to meet the borrowing costs.

4.5 Legal Implications, Access to Information and Call in

- 4.5.1 In accordance with the Council's Budget and Policy Framework, decisions as to the Council's capital programme are reserved to Council. In addition, statutory guidance requires that policies on Minimum Revenue Provision (see 3.7) are approved by Council. As such, the recommendations at 6.1 (a to d) are not subject to call in.
- 4.5.2 In accordance with the Budget and Policy Framework Rules, the Executive Board is required to make proposals to Council regarding the degree of in year changes which may be undertaken by the Executive. These are set out in Financial Procedure Rulesⁱⁱ. These rules have been recently reviewed, changes are shown in **Appendix F** and are summarised as follows:
- In order to be clear who is taking decisions on capital schemes, the delegation to the Director of Resources to make Authority to Spend decisions up to £500k

has been extended to all Directors. Directors are required to seek funding approval on schemes from the Director of Resources prior to approving Authority to Spend.

- The delegation to the Director of Resources to inject schemes into the capital programme has been increased from £100k to £250k. Where schemes are funded from borrowing and relate to vehicle and equipment replacement, demolition of property, asbestos removal and other health and safety works, energy efficiency projects (where capital investment is funded by savings on energy costs) or any other spend to save/operate where a business case has been approved, the delegation to the Director of Resources has been increased to £500k. This is to ensure that where proposals are funded, operational arrangements are not delayed.
- The limit of £100k on the delegation to Directors to inject schemes to the capital programme that are fully funded by external 'unringfenced' grant has been removed. Where external funding is secured and can only be used for one specific purpose full delegation to inject the scheme to the capital programme is now given to Directors.
- As the process for carrying out pre-tender checks is now well established in directorates, full delegation is now given to Directors to give Authority to Tender on capital schemes whereas previously a limit of £500k applied.

4.6 Risk Management

4.6.1 One of the main risks in developing and managing the capital programme is that insufficient resources are available to fund the programme. A number of measures are in place to ensure that this risk can be managed effectively:

- monthly updates of capital receipt forecasts prepared, using a risk based approach, by the Director of City Development;
- monthly monitoring of overall capital expenditure and resources forecasts alongside actual contractual commitments;
- quarterly monitoring of the council's VAT partial exemption position to ensure that full eligibility to VAT reclaimed can be maintained;
- ensuring written confirmation of external funding is received prior to contractual commitments being entered into;
- provision of a contingency within the capital programme to deal with unforeseen circumstances;
- compliance with both financial procedure rules and contract procedure rules to ensure the Council's position is protected

4.6.2 In the February 2011 capital programme report Members agreed that no further injections can be made to the capital programme without a corresponding reduction or identification of additional resources. In light of the current resources position and the budget challenges ahead it is imperative that this principle is maintained. In addition, further transfers to the reserved programme may need to be considered during the year dependent on the overall resources position.

5 Conclusions

- 5.1 Over the period to 2014/15 the Council is seeking to deliver a total of £810.1m capital investment within the city net of the reserved programme and overprogramming. For the general fund services, current expenditure plans exceed the resources available to deliver these plans by £62.4m. The Housing Revenue Account shows a balanced position. This level of overprogramming is slightly higher than the position at February 2011. The ongoing review of the capital programme throughout the year together with careful monitoring and implementation of the control measures referred to in paragraph 4.6.1 will seek to reduce this. However, the council will continue to seek to maximise the external funding sources and to deliver capital receipts to ensure the programme can be delivered.
- 5.2 The Director of Resources will continue to work with service directors to ensure that capital schemes are properly developed and that a business case process is operated to demonstrate investment is aligned to capital objectives, meets the needs of the public and will deliver best value.
- 5.3 In managing the overall funding for the programme particular emphasis is placed on ensuring that contractual commitments are only made when there is reasonable certainty that the appropriate resources are available. The Director of Resources will co-ordinate scheme reviews and the approval of schemes to ensure that they are brought forward in a timely way and are affordable. Update reports on the overall capital programme will be reported to Executive Board 3 times each year.

6 Recommendations

- 6.1 Executive Board is asked to recommend to the Council:
- a) that the attached capital programme be approved;
 - b) that the Executive Board be authorised to approve in year amendments to the capital programme including transfers from and to the reserved programme in accordance with Financial Procedure Rules; and
 - c) that the proposed MRP policies for 2012/13 as set out in 3.7 and explained in Appendix E be approved.
 - d) That the updated capital approval delegations in Financial procedure Rules, shown in Appendix F be approved;
- 6.2 Executive Board are asked to agree:
- a) That the list of land and property sites shown in Appendix D will be disposed of to generate capital receipts for use in accordance with the MRP policy; and
 - b) That the Director of Resources will manage, monitor and control scheme progress and commitments to ensure that the programme is affordable.

Appendices

A – Capital Programme Funding Statement

B – Government Funding Allocations

C – List of additions and deletions to the programme since February 2011

D – List of sites to be disposed of over the programming period

E – Minimum Revenue Provision Policy

F – Revised Capital Approvals Delegations

7 Background documents

Capital Programme 2010/11-2014/15 – Executive Board 11th February 2011

Capital Programme Update Report – Executive Board 27th July 2011 and 2nd November 2011

ⁱ CIPFA – The Prudential Code for Capital Finance in Local Authorities (amended 2011)

ⁱⁱ Leeds City Council Constitution – Part 4. Rules of Procedure.