

## **TELFORD & WREKIN COUNCIL**

**COUNCIL 4 MARCH 2010**

### **SERVICE & FINANCIAL PLANNING 2010/11 – 2012/13: CAPITAL PROGRAMME**

#### **REPORT OF THE CHIEF FINANCE OFFICER AND THE HEADS OF FINANCE, PROPERTY & DESIGN AND THE ASSISTANT CHIEF EXECUTIVE**

## **1.0 PURPOSE**

To agree a 2010/11 – 2012/13 capital strategy and capital programme, (including the proposed Asset Management Plan and related Building Maintenance programme).

## **2.0 RECOMMENDATIONS**

**Members are asked to approve the report and associated capital estimates which incorporates the Capital Strategy, the Capital Programme (Annex II), the Planned Building Maintenance Programme (Annex III), and Asset Management Plan (Annex IV).**

## **3.0 SUMMARY**

- 3.1 This report presents the Council's Capital Strategy for 2010/11 – 2012/13 and later years and a capital programme of £433.624m that includes the proposed investments included in the overall budget strategy. It also sets out the Council's Asset Management Plan and proposed planned Building Maintenance programme, particularly focusing on 2010/11.
- 3.2 The strategy and programmes address our corporate priorities in conjunction with the service and financial planning strategy.
- 3.3 The revenue cost of the use of the Council's own resources and unsupported borrowing are built into the proposed 2010/11 budget and future projections, while the cost of government supported allocations is met through a combination of Revenue Support Grant and direct capital grants, though the former is currently restricted by the government's heavy damping of the Council's grant increases.
- 3.4 The Asset Management Plan sets out the framework for assessing and prioritising property related issues. The approved framework has been adhered to in prioritising the planned building maintenance programme 2010/11. The building maintenance programme has been set in accordance with the proposed budget 2010/11 – 2012/13 and subsequent updates.

## **4.0 STRATEGIC OVERVIEW**

4.1 Telford & Wrekin is a Unitary Authority, which is responsible for one of the fastest growing areas in the West Midlands over the medium term. The Council is committed to delivering our **vision** for the community of:

*“A successful, prosperous and healthy community which offers a good quality of life for all the people of Telford & Wrekin”*

4.2 This is a shared vision which has been developed in consultation with the local community and the Telford & Wrekin Partnership. It underpins our Council Plan and Telford & Wrekin Partnership’s Vision 2026, Community Strategy and Local Area Agreement. It is supported by a framework of **Council Priorities** that relate to:

- **Housing, Regeneration & Prosperity**
- **Children and Young People**
- **Community Protection and Cohesion**
- **Environment and Rural Area**
- **Adult Care and Support**
- **Active Lifestyles**
- **Efficient, Community-Focused Council**

4.3 The underlying ethos in our long-term Vision and Priorities is about **transforming and improving the Borough** and these provide a major driver for identifying investment priorities. We support our corporate service and financial strategy with Priority Plans which articulate our medium-term plans, key targets and actions and how these align with capital and revenue resources. Our Asset Management Plan complements the Capital Strategy and, in relation to the Council’s facilities and land-holdings, is key to informing decisions on where capital spending needs to be targeted as well as identifying opportunities to make savings or generate capital receipts through asset disposals and property rationalisation. Our aim is to maximise the value and opportunities of our assets.

4.4 Through our service and financial planning process and strategy, our three overarching focuses are on:

- making and/or securing investment to create and sustain the long-term economic prosperity and success of the Borough and the realisation of Vision 2026;
- ensuring that current levels of service provision and facilities are fit-for-purpose to meet the needs and expectations of our community and enable people to enjoy a good quality of life; and
- Working to mitigate the effects of the economic downturn within the Borough and planning for the recovery by seeking to put in place the right policies and plans which will enable the Borough to be well-positioned to come out of the recession earlier and stronger.

4.5 The growth of the Borough and the ‘New Town effect’ of an ageing infrastructure have created a heavy burden in terms of the requirement for new investment in facilities and infrastructure. The former new Town housing estates, where

deprivation levels are high, are also in need of significant regeneration. These are major strategic challenges for the Council to address. Also, because it is a former New Town area, Telford & Wrekin does not have the land holdings or the planning powers and freedoms that exist in more traditional areas, so we cannot rely on traditional local authority methods in our approach.

4.6 As part of the development of our medium-term service and financial planning strategy, we carry out a detailed assessment of the key issues, pressures, needs and opportunities facing the Borough in the short, medium and long-term and what the implications/requirements would be for both revenue and capital. In terms of capital spend, key issues identified include:

➤ **Key ‘transformational’ developments**

- Resourcing requirements for **major projects** such as:
  - Revitalising the Borough Towns (Newport, Wellington, Dawley, Madeley, Oakengates and Ironbridge)
  - Delivering physical, social and economic regeneration in our most deprived communities (Woodside, Brookside, Sutton Hill);
  - Improving Telford Town Centre (including the relocation of Civic Offices to “kick start” the redevelopment of the Southwater area) and Town Park;
  - Developing Sports and Learning Communities;

➤ **Key medium-term service developments**

- Key focuses are around:
  - Maintaining & improving the local environment (e.g. roads, pavements, street lights and recycling);
  - Improving local facilities across the Borough (e.g. Borough Parks and play areas, Leegomery Centre) and activities for children and young people;
  - Supporting more new homes being built, particularly affordable homes in the rural area, and helping older and disabled people to stay in their own homes;
  - Tackling land instability in The Gorge;
  - Improving the overall operational effectiveness of the Council to better serve customers and improve efficiency – customer contact arrangements, ICT systems, buildings.

4.7 Capital investment clearly plays a key role in the achievement of our local priorities and priority policy objectives. **Our Capital Strategy and programme are not, however, just about ‘concrete, tarmac, buildings etc’, they are about making a positive difference to the quality of local people’s lives** through specific projects, services, technology and facilities. In recent years, key initiatives progressed/ delivered through targeted capital investment include:

- Development of the Railfreight Terminal;
- Improvements to roads, pavements and street lighting;
- New Woodside Community Centre to support the area’s regeneration;
- Development of new ‘state of the art’ schools -Hadley Learning Community and Shortwood;
- Vital land stability works in the Ironbridge Gorge World Heritage Site;
- New Offices in Donnington

- New Industrial Units in Hadley
- Old Park Primary School, Malinslee
- Shortwood Primary School, Wellington
- Enabling the provision of new affordable and social housing.

## 5.0 **CAPITAL STRATEGY: 2010/11 – 2012/13**

5.1 During 2010/11, we are planning to invest **£95.510m** as part of a **£433.624m** capital programme, to build and improve the facilities, assets and infrastructure to support the delivery of these objectives. This investment has been secured primarily through a combination of Government grants and supported borrowing allocations, use of the Council's own resources (capital receipts), and Prudential Borrowing by the Council. Over the planning period, our capital programme is as follows:

<b>Priority Area</b>	<b>Total £'000</b>	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>Later Years £'000</b>
<b>Adult Care &amp; Support</b>	<b>736</b>	<b>184</b>	<b>184</b>	<b>184</b>	<b>184</b>
<b>Community Protection &amp; Cohesion</b>	<b>6,665</b>	<b>1,676</b>	<b>1,663</b>	<b>1,663</b>	<b>1,663</b>
<b>Housing, Regeneration &amp; Prosperity</b>	<b>102,838</b>	<b>37,902</b>	<b>34,432</b>	<b>26,162</b>	<b>4,342</b>
<b>Children &amp; Young People</b>	<b>277,060</b>	<b>38,372</b>	<b>47,704</b>	<b>59,912</b>	<b>131,072</b>
<b>Environment &amp; Rural Areas</b>	<b>35,625</b>	<b>11,876</b>	<b>8,767</b>	<b>7,039</b>	<b>7,943</b>
<b>Active Lifestyles</b>	<b>2,210</b>	<b>2,210</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Efficient, Community Focused Council</b>	<b>8,490</b>	<b>3,290</b>	<b>2,600</b>	<b>2,600</b>	<b>0</b>
	<b>433,624</b>	<b>95,510</b>	<b>95,350</b>	<b>97,560</b>	<b>145,204</b>

5.2 Supporting Telford & Wrekin's role as a focus for continued growth and development until 2026 underpins all our priorities. Issues and concerns around housing have come clearly to the forefront of our thinking, given the scale and challenges posed by the current economic downturn/credit crunch. This is very much a 'capital' agenda – though it must be supported by the day-to-day delivery of high quality and efficient and improving services for the community - and we will look creatively to utilise local resources such as the Council's land assets and land owned by other partners, and external funding and investment to turn vision into reality. These are key guiding principles in our medium-term service and financial strategy.

5.3 Details of the major projects and investments that we are looking to resource are highlighted in our over-arching Service and Financial Planning report. Annex II gives more details of these. Many of these investments contribute in to the delivery of more than one Priority.

## 6.0 CAPITAL PLANNING FRAMEWORK

6.1 The Council's Capital Strategy is driven by our shared Vision for the Borough and our Priorities. All our plans and spending proposals (both capital and revenue) are developed within a partnership framework. The capital strategy is seen as a key opportunity to:

- drive forward the Vision and Priorities for the Borough;
- influence the development of the Borough and the actions of other agencies;
- work in partnership with other bodies to pursue national and regional objectives;
- ensure that funding mechanisms are used effectively and external funding maximised;
- maintain and improve the condition and suitability of our assets.

6.2 A key feature of our approach is that capital and revenue expenditure are considered together through one integrated service and financial planning framework and process. The Capital Strategy process brings together all aspects of capital planning and management. It guides and acts as the focus for all work on capital issues. The capital strategy process is given firm leadership:

- at officer level by the Corporate Management Team;
- at member level by the Cabinet.

Progress and the outcomes of capital expenditure are also considered by the Value-for-Money Scrutiny Group as part of its service and financial performance monitoring role. It also inputs specifically to the strategy development process through its scrutiny of the Draft Budget Strategy.

### (i) Approach

6.3 Our approach to the Capital Strategy Process is set out diagrammatically in **Annex I** and described below. This process is continually evolving and has been developed to enable the Council to respond effectively to the developments in Capital and Asset Management Planning, the Single Capital Pot, the Prudential Code of Borrowing Regime, and a three-year funding settlement from the Government. We will undertake a further review of our capital programme commitments in 2010 to ensure that they remain fit for purpose and fully focused on our priorities.

6.4 The Prudential Code of Borrowing requires us to look at capital and revenue spend in an integrated way. Under this regime, the Council has much more freedom to invest in capital projects as long as the borrowing is determined to be **affordable, prudent, sustainable and represents value-for-money**. The prudential system of capital finance makes the capital strategy a much more integral and essential part of the annual budget setting process and medium term financial strategy; developed through an emerging 3-year forward planning framework which brings together service and financial planning priorities and proposed developments to support delivery of our priorities.

## (ii) Capital Strategy Process

### a) Strategic Review of Needs

6.5 We annually review plans and priorities for capital spending. This is done as part of the annual corporate planning process, the development of key planning documents such as Priority Plans, and the outcome of major policy and/or service reviews. In seeking to determine priorities for investment and action, it is important to understand the key issues, needs and opportunities that need to be addressed. The following documents in particular map these out in detail, these are:

- The LSP's Vision 2026, Community Strategy and Local Area Agreement;
- The Council Plan/Priority Plans;

6.6 The result is a clear strategic view of priorities which identifies both **pressures and developments** in terms of:

- Projects required to progress the Vision for the Borough – whether partner, Council or joint (developments);
- Projects required to meet service priorities (pressures and developments);
- Maintenance spending required on assets (pressures).

This process is done collaboratively through dialogue with partners and is also informed by the Council's annual consultation strategy. This framework encourages a joined-up focus on outcomes, on major strategic initiatives and partnership working. The outcome is a broadly-based overview of capital spending priorities, business needs and opportunities, and outcomes to be realised.

### b) Strategic Consideration of Priorities, Resources and Resource Implications

6.7 The financial implications of new capital spending requirements are carefully assessed within a business case in terms of:

- Overall resource availability including the anticipated results of asset disposals;
- Identification and consideration of whole life costings;
- Identification of significant revenue implications for capital proposals, with overall decisions on capital programme being made (and consulted on) as part of the overall service, financial planning and value-for-money process;
- Consideration of appropriate procurement strategies and potential funding regimes.
- 'Pay back'/Invest to Save potential, such as for example investment in Waste Recycling facilities to reduce the future impact of Landfill Tax increases.

6.8 The Prudential Code of Borrowing highlights the need, in making decisions on capital investment, to have regard to a number of core factors. As such, the Capital Strategy and Programme for 2010/11 has been developed around the following principles and processes:

## - Corporate Strategic Planning Assessment:

- 6.9 Revenue and capital budgets are planned together as far as practicable each year. Desired spending has been prioritised and narrowed down into an overall capital strategy taking account of local, national and regional priorities. National priorities are considered within the parameters of the Government's Annual Capital Guidelines (ACG's) for major service areas. All schemes are evaluated against a framework of:

- a) Contribution to the Vision and Council Priorities;
- b) Assessment of community needs and expectations;
- c) Impact upon national and regional priorities;
- d) Asset management requirements and whole life benefits and costings;
- e) Improving efficiency and effectiveness of service delivery (including payback considerations, minimising revenue expenditure and identified service improvements);
- f) Procurement approach – with priority given to schemes which attract leverage, pump prime and link with partners/private investment (PPP/PFI). The opportunities for bidding for external funding are clearly identified at this stage;
- g) Overall value-for-money of the investment.

## - Options Appraisal to Secure Value for Money:

- 6.10 In developing the capital programme, the Council has sought to identify which of a number of alternative ways is the best way to fund and deliver a capital project to meet its objectives. Also, to ensure that the Council's approach to prudential borrowing is demonstrably affordable, prudent and sustainable, a set of prudential indicators have been developed to monitor performance. The business case for capital investment requires consideration/identification of how such spend represents or will improve value-for-money to the community.

### c) Detailed Capital Programme

- 6.11 The Strategic Assessment of capital spending priorities is then subjected to further internal and external consultation and translated into an achievable phased programme across the whole Council with clearly agreed and identified:

- Revenue implications.
- Procurement Arrangements;
- Timescales, project management arrangements and accountabilities;

**Annex II** sets out details of our committed Capital Programme 2010/11 – 2012/13 and Detailed Analysis of Capital Grants.

### d) Control, Monitoring, Performance Management & Review

- 6.12 A clearly defined corporate framework for project management exists for capital schemes. Regular monitoring of progress and spend takes place both at service level and corporately. The Asset Management Plan ensures that relevant property PIs have been incorporated into corporate performance monitoring arrangements and into the monitoring of the management of the capital programme. In-year

progress is highlighted as part of the reporting arrangements of the Service & Financial Performance Management Framework. In addition, post-completion monitoring is undertaken through the integrated Service and Financial Performance Management Framework to review, assess and report on how the investment has achieved the desired impact/improvement/outcomes.

## **7.0 ASSET MANAGEMENT PLANNING & PROGRAMME**

### **Our Strategic Approach**

- 7.1 The Asset Management Plan (attached at Annex IV) and associated data on property (i.e. condition, suitability, sufficiency, access, asbestos and property information matrix) informs the Council's planned Repair and Maintenance programme. The Council has completed condition surveys for all properties used for the delivery of its services which are updated on a rolling programme. The property information data collated also informs the property rationalisation process enabling the most efficient use of property.
- 7.2 The Council's Asset Management Plan has identified a condition backlog over 25 years of £25.1m for education properties and £11.8m for operational properties. Much of the Education backlog is within secondary accommodation which will be dealt with as part of the Borough Towns Initiative Sports and Learning Communities programme. The Asset Management Plan allows the Council to prioritise investment to manage the backlog.
- 7.3 The planned building maintenance programme as identified in Annex III was set in accordance with the approved framework for prioritising condition backlog as detailed in the Asset Management Plan.
- 7.4 The prioritisation to reduce the condition backlog is based upon the following categories which and adapted to suit the specific needs and service delivery objectives of operational property.

#### Priority 1

Urgent works that will prevent closure of premises and/or address a high risk to the health and safety of occupants and/or remedy a serious breach of legislation.

#### Priority 2

Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address medium risk to the health and safety of the occupants and/or remedy a minor breach of legislation.

#### Priority 3

Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of the occupants and/or a minor breach of legislation.

- 7.5 The following tables identify condition backlog for Operational and Educational properties over the next five years as at December 2009:

## Operational Property

Property Type	No	Priority 1	Priority 2	Priority 3
Emergency Planning Centre	1	£5,000	£6,250	£10,000
Bus Station	4	£8,275	£10,750	£15,550
Cemetery Buildings	1	£3,188	£101,763	£517
Changing Rooms & Pavilions	12	£14,303	£112,713	£191,235
Community	6	£29,407	£98,136	£202,457
Travellers' Sites	2	£0	£165,357	£57,181
Hostels	3	£89,910	£68,007	£120,385
Ice Rink	1	£1,199,654	£1,014,496	£276,865
Leisure Centres	4	£104,545	£484,791	£1,133,763
Libraries	8	£132,728	£88,658	£624,458
Municipal Golf Course	1	£22,927	£8,067	£61,121
Offices	24	£153,416	£897,176	£1,649,796
Outdoor Activity Centre	1	£4,450	£364,423	£171,237
Public Conveniences	3	£4,456	£22,164	£8,593
Ski Slope	1	£2,716	£64,381	£12,799
Swimming Pools	2	£35,380	£330,938	£237,516
Theatres	1	£0	£4,169	£106,473
Training/Day Centres & Residential Care	7	£33,657	£291,390	£345,700
Visitors	1	£0	£3,300	£15,629
Youth	5	£56,203	£81,310	£125,858
Joint Service Facility (Swan Centre)	1	£123,453	£8,329	£241,492
First Point Hadley	1	£0	£2,029	£5,192
<b>TOTAL</b>	<b>90</b>	<b>£2,023,668.</b>	<b>£4,228,597</b>	<b>£5,613,817</b>

## Education

Property Type	No.	Priority 1	Priority 2	Priority 3
Secondary Schools	10	£1,436,029	£4,945,818	£6,792,166
Primary/Infants/Junior Schools	55	£1,086,991	£3,744,054	£6,475,284
Special Schools	3	£20,512	£103,471	£318,172
Nursery Schools	1	£9,611	£3,670	£32,797
Children's Centres	2	£0	£24,147	£4,460
Pupil Referral Unit	1	£33,178	£10,492	£65,925
<b>TOTAL</b>	<b>72</b>	<b>£2,586,321</b>	<b>£8,831,652</b>	<b>£13,688,804</b>

\*Note: Hadley PFI / Jigsaw / Madeley Academy / Abraham Darby Academy have not been included within the above figures.

- 7.6 The proposed level of investment included in the Capital Programme 2010/11 is £0.2m for Educational assets and £1.5m for all other operational assets. The budget allocations do not take into account the capital investment relating to amalgamation of schools and the secured investment relating to Building Schools for the Future which will greatly reduce the condition backlog for Education properties as part of the building rationalisation process.

In addition to the above capital allocations schools are also in receipt of Devolved Formula Capital (DFC) which is used fundamentally for repairing and maintaining the school building stock on a day to day basis. The budget for operational assets will be reduced to approximately £1.13m to fund negative slippage from 2009/10

The Asset Management Database is analysed on a yearly basis as the priorities may change due to new findings as part of continuing re surveys of property. Emergencies that occur within the financial year may also lead to reprioritisation of the allocated budgets and a change to the programme identified.

- 7.7 In accordance with prioritisation as set out in 7.4 Annex III, identifies the building maintenance programme for 2010/11; all schemes listed are priority 1 or priority 2 items, health and safety, or are deemed necessary in order to maintain service delivery.

## **8.0 PARTNERSHIP AND CROSS CUTTING ACTIVITY**

- 8.1 There is a very well-developed Local Strategic Partnership, bringing together key local organisations and agencies across all sectors. The Partnership is overseen by an 'executive' Agenda Group which comprises the chief officers of the main public, private and voluntary organisations in Telford & Wrekin.
- 8.2 Partnership working is the framework through which all key local cross-cutting issues are tackled. The Partnership has a range of both 'thematic' and 'area based' sub-partnerships tackling local issues and informed by an extensive programme of consultation.
- 8.3 The Council actively works with partners to maximise assets. For example through various co-locations of services which is a key feature in particular of the Learning Communities that are being developed. Amalgamation and co-location of services and community facilities is a key aim that drives our asset management and service planning.

## **9.0 CONSULTATION**

- 9.1 Telford and Wrekin Council is strongly committed to effective consultation and engagement with our community. This underpins all local plans and initiatives. Consultation takes place at two main levels: *strategic*; on issues affecting the Borough as a whole; and more *focused* consultation on specific issues, projects and priorities. This is an integral aspect of the Council's overall approach. There are three main strands to consultation:
- With the community overall through a range of quantitative and qualitative methods such as residents' surveys, local meetings, focus groups. A prominent feature of the consultation 'landscape' is the Telford & Wrekin Community Panel – a representative cross-section of some 1,360 local residents.
  - Through partnership and with local agencies – often around plans, priorities and projects;

- Through specific, tailored consultations at a more localised level or with different 'sections' of the community.

9.2 Consultation influences all aspects of capital strategy planning and service provision. We have consulted a wide range of local people and organisations about the proposed investments included in the overall budget strategy – further details are set out in the over-arching Service and Financial Planning report . Some other recent examples where particularly extensive consultation has taken place are:

- regeneration plans as part of the Borough Towns Initiative;
- the development of Telford Town Centre;
- Identifying improvements for Telford Town Park;
- Identifying issues for improvement in Sutton Hill and Brookside;
- new provision strategies to address the planning of school places;
- transport and housing improvement priorities to inform the review of the Local Transport Plan and Housing Strategy;
- the development of waste management and recycling facilities and services;

9.3 We will be working extensively with local communities over the next 3 years, particularly on projects such as the Borough Town Initiative and regeneration of our most deprived communities, to inform our plans and proposals to improve the environment and the quality of life in these areas.

## 10.0 **RESOURCES**

### 10.1 **Mainstream Government Supported Borrowing**

The main borrowing allocations received, along with forward indications of minimum future allocations are as follows:

	2010/11 £m	2011/12 £m	2012/13 £m	Later Years £m
<b>Environment &amp; Rural Areas</b>	3.842	3.900	3.900	3.900
<b>Children &amp; Young People</b>	1.886	0.847	0.681	0.681
<b>Total</b>	5.728	4.747	4.581	4.581

Education's main block approvals have continued to decrease in total with funding being switched into capital grants

The revenue cost of utilising these government allocations should be funded by Revenue Support Grant although this is impacted by the RSG damping mechanism which withholds a substantial part of the additional revenue funding due to the Council to support the cost of these allocations at present.

## 10.2 Supplementary Grants

While information is still awaited on some allocations, the following new allocations have been built into the overall resources position:

	2010/11 £m	2011/12 £m	2012/13 £m	Later Years £m
<b>Housing, Regeneration &amp; Prosperity</b>	9.827	12.014	3.209	0.629
<b>Environment &amp; Rural Areas</b>	0.870	1.777	0.962	1.498
<b>Children &amp; Young People</b>	31.729	41.498	56.464	123.025
<b>Adult Care &amp; Support</b>	0.184	0.184	0.184	0.184
<b>Active Lifestyles</b>	1.700	0	0	0
<b>Community Protection &amp; Cohesion</b>	1.676	1.663	1.663	1.663
<b>Total</b>	<b>45.986</b>	<b>57.136</b>	<b>62.482</b>	<b>126.999</b>

## 10.3 Capital Receipts

The capital programme places a significant reliance on future capital receipts, totalling £3.7m in 2009/10 and £77.055m shown in the table below; an overall total of £80.755m. Any shortfall in the amounts received or re-phasing of schemes would have a revenue impact which is not built into the budget strategy. This would have to be mitigated through re-phasing of spend, re-prioritising schemes or incurring additional borrowing which would have a revenue impact which would have to be taken into account in future in the Medium Term Service & Financial Planning Strategy.

	2010/11 £m	2011/12 £m	2012/13 £m	Later Years £m
<b>Housing, Regeneration &amp; Prosperity</b>	1.967	4.975	29.200	22.088
<b>Children &amp; Young People</b>	0.000	0.500	6.820	10.330
<b>Environment &amp; Rural Areas</b>	0.000	1.075	0.000	0.000
<b>Efficient, Community Focused Council</b>	0.100	0.000	0.000	0.000
<b>Total</b>	<b>2.067</b>	<b>6.550</b>	<b>36.020</b>	<b>32.418</b>

## 10.4 Prudential Borrowing Regime

Within the budget strategy for 2010/11 to 2012/13 the level of Prudential Borrowing assumed is as follows:

	2010/11 £m	2011/12 £m	2012/13 £m	Later Years £m
<b>Housing, Regeneration &amp; Prosperity</b>	26.108	17.443	-6.247	-18.375
<b>Children &amp; Young People</b>	4.757	4.859	-4.053	-2.964
<b>Environment &amp; Rural Areas</b>	7.164	2.015	2.177	2.545
<b>Efficient, Community Focused Council</b>	3.190	2.600	2.600	0.000
<b>Active Lifestyles</b>	0.510	0.000	0.000	0.000
<b>Total</b>	<b>41.729</b>	<b>26.917</b>	<b>-5.523</b>	<b>-18.794</b>

## 10.5 Overall Resources Position

For planning purposes, some forward allocation indications have been included below. In these cases no firm scheme proposals will be put forward for approval until actual allocations are known.

<b>Resources Available</b>	2010/11 £m	2011/12 £m	2012/13 £m	Later Years £m	Total £m
Government Allocations					
Children & Young People	1.886	0.847	0.681	0.681	4.095
Environment & Rural Areas	3.842	3.900	3.900	3.900	15.542
	<b>5.728</b>	<b>4.747</b>	<b>4.581</b>	<b>4.581</b>	<b>19.637</b>
Grant Allocations					
Children & Young People	31.729	41.498	56.464	123.025	252.716
Adult Care & Support	0.184	0.184	0.184	0.184	0.736
Housing, Regeneration & Prosperity	9.827	12.014	3.209	0.629	25.679
Environment & Rural Areas	0.870	1.777	0.962	1.498	5.107
Active Lifestyles	1.700	0.000	0.000	0.000	1.700
Community Protection & Cohesion	1.676	1.663	1.663	1.663	6.665
	<b>45.986</b>	<b>57.136</b>	<b>62.482</b>	<b>126.999</b>	<b>292.603</b>
Other Resources					
Capital Receipts	2.067	6.550	36.020	32.418	77.055
Prudential Borrowing	41.729	26.917	-5.523	-18.794	44.329
	<b>43.796</b>	<b>33.467</b>	<b>30.497</b>	<b>13.624</b>	<b>121.384</b>
<b>Total</b>	<b>95.510</b>	<b>95.350</b>	<b>97.560</b>	<b>145.204</b>	<b>433.624</b>

The revenue impact of the use of Council resources, government allocations and prudential borrowing in the proposed programme are built in to the budget summary.

## 11.0 CONCLUSION

11.1 Because Telford & Wrekin is such a rapidly growing and changing area it has substantial capital spending needs:

- to support and meet the growing needs of the Borough and our aspirations to transform Telford & Wrekin;
- to maintain and develop the Council's own stock of capital assets;
- to address the 'New Town effect' of a commonly-ageing infrastructure.

11.2 As a former new town area, with the Council having very limited land and asset holdings, we have a more limited capacity to generate capital receipts through disposals than some other authorities. We, therefore, take the capital strategy and its asset management planning very seriously. We look on capital spending as an integral element of our overall approach to Community Planning, partnership working and community engagement.

11.3 We are committed to maximising the effectiveness of our assets and capital spending and to identifying or creating opportunities to attract external funding resources. **Our focus is on delivering our priorities and policy objectives and on ensuring that our vision for the community can, each year, become more of a reality for local people.**

## 12.0 IMPLICATIONS

- **Equalities & Diversity** - the overall budget framework contains funding to support the Council's work to promote Equalities & Diversity across the Borough. As part of the Planned Maintenance funding an allocation had been identified to improve accessibility, and service delivery from the Authorities buildings. An element of the capital improvements to Council buildings will be focused on improving accessibility. The allocation is prioritised using the full range of asset management data and specifically using the accessibility audits as well as working with Service Heads and the Equalities team.
- **Environmental** - the overall budget framework supports the Environmental responsibilities of the Council. Environmental improvements are incorporated into all schemes where appropriate
- **Financial** – financial implications of the planned capital programme and maintenance programme are included within the Capital Strategy report.
- **Legal** - all proposals are covered by the legislative framework within which the council operates
- **Council Priorities** all proposals have been formulated within the context of the Council's Priorities' framework. Linkage to these is highlighted in the Capital Strategy and supporting annexes.
- **Risk** - The Council's current Strategic Risk Register has been considered as part of allocating resources in the overall programme
- **Wards** - Proposals affect all wards in the Borough

## **Background Papers**

Funding notifications, investment proposals, cabinet reports on various schemes, previous Capital Strategy documents and capital programmes.

### ***Report prepared by***

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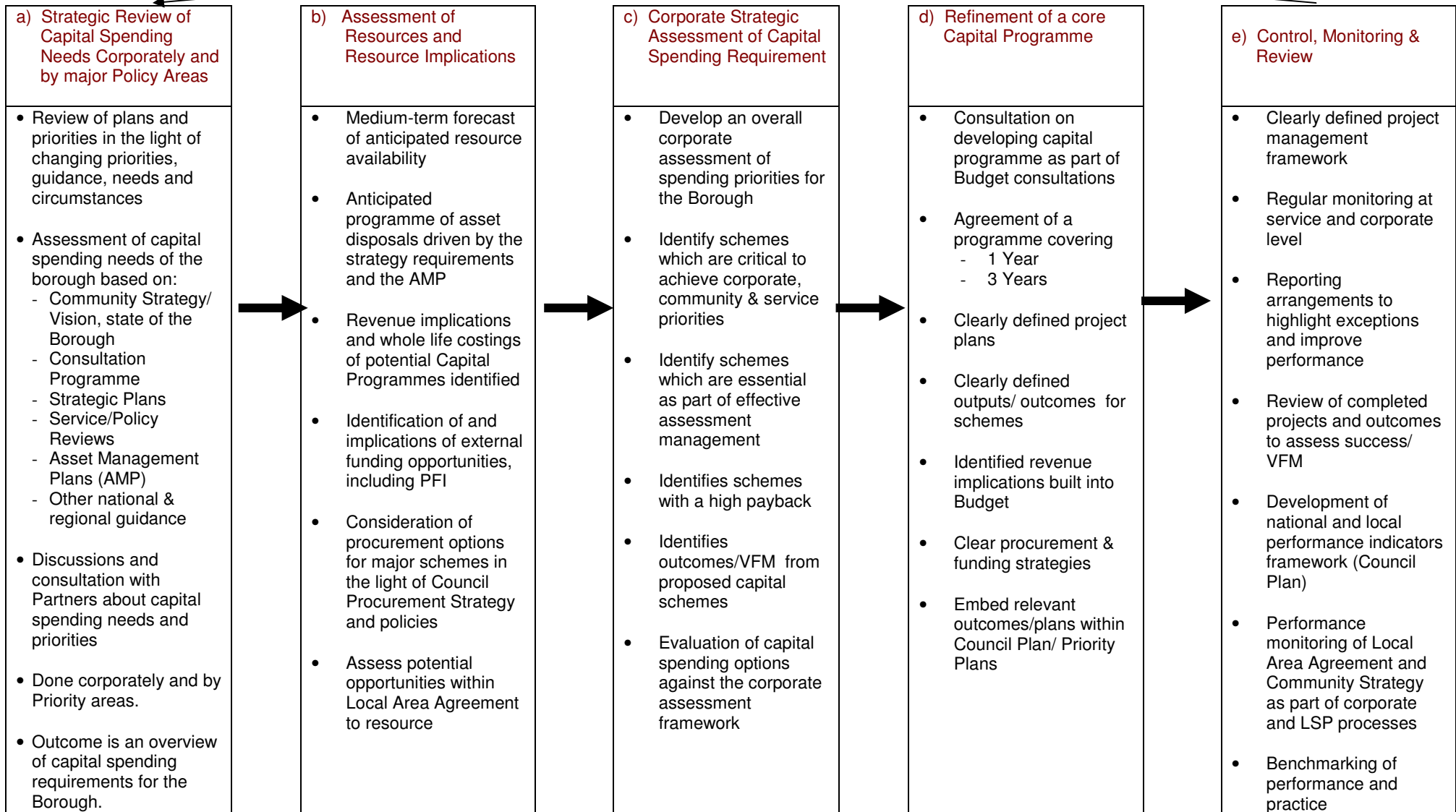
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## Telford & Wrekin Capital Planning Framework

### Community & Corporate Priorities



**CAPITAL PROGRAMME: 2010/11 - 2012/13:**

**OVERVIEW**

<b>Policy Area</b>	<b>Total £'000</b>	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>Later Years £'000</b>
Adult Care & Support	736	184	184	184	184
Community Protection & Cohesion	6,665	1,676	1,663	1,663	1,663
Children & Young People	277,060	38,372	47,704	59,912	131,072
Housing, Regeneration & Prosperity	102,838	37,902	34,432	26,162	4,342
Active Lifestyles	2,210	2,210	0	0	0
Environment & Rural Areas	35,625	11,876	8,767	7,039	7,943
Efficient, Community Focused Council	8,490	3,290	2,600	2,600	0
	<b>433,624</b>	<b>95,510</b>	<b>95,350</b>	<b>97,560</b>	<b>145,204</b>
<b>Resources</b>					
Supported Borrowing - SCE(R)	19,637	5,728	4,747	4,581	4,581
Government Grants	292,603	45,986	57,136	62,482	126,999
Prudential Borrowing	44,329	41,729	26,917	(5,523)	(18,794)
Capital Receipts	77,055	2,067	6,550	36,020	32,418
<b>Total funding</b>	<b>433,624</b>	<b>95,510</b>	<b>95,350</b>	<b>97,560</b>	<b>145,204</b>

**Capital Programme - 2010/11 - 2012/13 & Later Years**

Priority Area	Scheme	Funding	Total £'000	2010/11 £'000	2011/12 £'000	2012/13 £000	Later Years £'000
<b>Adult Care &amp; Support</b>							
	Social Care Capital Grant	Gov Grant	736	184	184	184	184
<b>Total</b>			<b>736</b>	<b>184</b>	<b>184</b>	<b>184</b>	<b>184</b>
<b>Community Protection &amp; Cohesion</b>							
	Supported Independent Living - Disabled Facilities Grant (estimate)	Gov Grant	2,792	698	698	698	698
	Regional Housing Allocation (Estimate)	Gov Grant	3,489	894	865	865	865
	Private Sector Home Improvement Kick Start	Gov Grant	384	84	100	100	100
<b>Total</b>			<b>6,665</b>	<b>1,676</b>	<b>1,663</b>	<b>1,663</b>	<b>1,663</b>
<b>Housing, Regeneration &amp; Prosperity</b>							
	Regional Housing Allocation (Estimate)	Gov Grant	2,487	600	629	629	629
	Housing Strategy & Enabling	Prudential	3,202	3,202	0	0	0
	Housing Strategy & Enabling - Including loss of NGP	New Prudential	4,573	0	2,118	1,715	740
	Extra Care	Prudential	1,000	1,000	0	0	0
	Town Centre - Phase 1	Prudential	1,815	-1,034	946	5,334	-3,431
		Gov Grant	18,612	5,647	10,385	2,580	0
		Cap Receipts	10,205	1,737	0	4,180	4,288

Sub Total Town Centre - Phase 1		30,632	6,350	11,331	12,094	857
Town Centre – Civic Offices	Prudential/ Capital Receipts	28,614	1,495	17,784	9,335	0
Woodside	Prudential	1,633	1,633	0	0	0
	New Prudential	287	337	180	-230	0
	Cap Receipts	460	230	0	230	0
	Gov Grant	2,900	2,150	750	0	0
Sub Total Woodside		5,280	4,350	930	0	0
Sutton Hill & Brookside	Prudential	4,055	3,515	540	0	0
	Gov Grant	1,680	1,430	250	0	0
Sub Total Sutton Hill & Brookside		5,735	4,945	790	0	0
Sutton Hill Local Centre	Prudential	560	835	-275	0	0
	Cap Receipts	275	0	275	0	0
Sub Total Sutton Hill Local Centre		835	835	0	0	0
Borough Towns Initiative	Prudential	-7,900	6,650	-7,850	-2,050	-4,650
	New Prudential	1,450	8,400	4,000	0	-10,950
	Cap Receipts	23,050	0	4,700	2,150	16,200
Sub Total - Borough Towns Initiative		16,600	15,050	850	100	600
BTI – Hadley Local Centre	Prudential	2,280	75	0	2,289	-84
	Cap Receipts	1,600	0	0	0	1,600
Sub Total Hadley		3,880	75	0	2,289	1,516
BTI – Leegomery Local Centre	Prudential	-1,350	0	0	-1,350	0
	Cap Receipts	1,350	0	0	1,350	0
Sub Total - Leegomery		0	0	0	0	0

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<b>Total</b>		<b>102,838</b>	<b>37,902</b>	<b>34,432</b>	<b>26,162</b>	<b>4,342</b>
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#### Environment & Rural Areas

Waste - CRC Supersite at Halesfield	Prudential	4,030	2,930	1,100	0	0
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Recycling	Prudential	170	170	0	0	0
Integrated Transport	Borrow App	5,610	1,410	1,400	1,400	1,400
	Gov Grant	2,805	705	700	700	700
Sub Total Integrated Transport		8,415	2,115	2,100	2,100	2,100
Street Lighting and Environmental Improvements	Prudential	500	500	0	0	0
Highways Capital Maintenance	Borrow App	9,932	2,432	2,500	2,500	2,500
Highways / Footpaths	Prudential	8,250	3,000	1,250	2,000	2,000
Road Safety Schemes	Gov Grant	66	66	0	0	0
Parks & Play Areas	Prudential	500	500	0	0	0
Parks for People	Prudential	451	64	-335	177	545
	Cap Receipts	1,075	0	1,075	0	0
	Gov Grant	2,236	99	1,077	262	798
Sub Total - Parks for People		3,762	163	1,817	439	1,343

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<b>Total</b>		<b>35,625</b>	<b>11,876</b>	<b>8,767</b>	<b>7,039</b>	<b>7,943</b>
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### Children & Young People

Professional Fees	Borrow App	748	187	187	187	187
Basic Need - Contingency	Borrow App	176	10	166	0	0
School Kitchens	Gov Grant	71	71	0	0	0
Food Technology Grant	Gov Grant	322	322	0	0	0
Youth Capital	Gov Grant	89	89	0	0	0
Lightmoor	Borrow App	56	56	0	0	0
Campus Telford & Wrekin - Oakengates Site Ground Investigation	Borrow App	100	100	0	0	0
Childrens Centres	Gov Grant	264	264	0	0	0
Primary Capital Programme (estimate)	Gov Grant	12,878	5,378	2,500	2,500	2,500
Modernisation & Condition - Various	Borrow App	604	154	150	150	150

Schemes						
	Gov Grant	5,852	1,472	1,480	1,450	1,450
Sub Total - Modernisation & Condition		6,456	1,626	1,630	1,600	1,600
Building Schools for the Future	Prudential	2,599	4,757	4,859	-4,053	-2,964
	Gov Grant	220,029	19,664	34,576	49,614	116,175
	Cap Receipts	17,650	0	500	6,820	10,330
	Borrow App	1,035	1,035	0	0	0
Sub Total - Building Schools for the Future		241,313	25,456	39,935	52,381	123,541
Devolved Formula Capital	Gov Grant	11,684	2,942	2,942	2,900	2,900
Early Years Capital	Gov Grant	675	675	0	0	0
ICT Harnessing Technology Grant	Gov Grant	691	691	0	0	0
Extended Schools	Gov Grant	161	161	0	0	0
Schools Access Initiative	Borrow App	1,376	344	344	344	344
<b>Total</b>		<b>277,060</b>	<b>38,372</b>	<b>47,704</b>	<b>59,912</b>	<b>131,072</b>

**Active  
Lifestyles**

Lawn Tennis Academy	Gov Grant	1,700	1,700	0	0	0
	Prudential	510	510	0	0	0
Sub Total - Lawn Tennis Academy		2,210	2,210	0	0	0

<b>Total</b>		<b>2,210</b>	<b>2,210</b>	<b>0</b>	<b>0</b>	<b>0</b>
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**Efficient, Community Focused Council**

ICT/ eGov	Prudential	3,500	1,500	1,000	1,000	0
Locality Working, Parish Councils, Voluntary Sector	Prudential	10	10	0	0	0
Asset Management Plan - General Works & Surveys	Prudential	4,700	1,500	1,600	1,600	0
Wellington Cemetery	Prudential	130	130	0	0	0
War Memorial	Prudential	50	50	0	0	0
Fees/Consultants for Corporate Schemes	Cap Receipts	100	100	0	0	0

<b>Total</b>		<b>8,490</b>	<b>3,290</b>	<b>2,600</b>	<b>2,600</b>	<b>0</b>
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Highlighting indicates capital expenditure in the 2010/11  
Investment Package

**BUILDING MAINTENANCE PROGRAMME****Operational Properties (non education)**

<b>Asset</b>	<b>Priority</b>	<b>Description of works</b>	<b>Expected outcomes</b>	<b>Links to Community Priorities</b>
Various Sites	Service Delivery	<b>Corporate External Painting –</b> In order to maintain the external fabric of the Councils Assets a planned maintenance approach has been implemented for many years. In the longer term Planned Preventative Maintenance proves cost effective and reduces the need for major investment.	The proposal is to repaint all operational buildings on a 4 year cycle. The planned approach enables this to take place and reduce the need for major investment.  Reduction in reactive maintenance and condition backlog	Maintaining a High Quality, Attractive and Sustainable Environment.  An Efficient, Effective and Customer-Focused Council that delivers Value-For-Money for the Community.
Various Sites	Health & Safety	<b>Asbestos Removal</b> As part of the Authorities Asbestos Management Plan it is required to assess and remove where necessary asbestos where it is a risk to public health.	Asbestos issues within operational buildings are managed in proactive way ensuring the health and safety of occupants and visitors.	Creating a Safe, Strong and Cohesive Community
Various Sites	Service Delivery	<b>Corporate Access –</b> There is a duty to ensure that the public areas of buildings where the Council delivers a service from are accessible under the Disability Discrimination Act. To ensure that services are accessible a planned approach to improving buildings has been implemented	That Council services are accessible to the public.  That the target improvement as identified by the Authority in meeting its BV156 performance indicator.	Creating a Safe, Strong and Cohesive Community  Promoting Healthy Communities and Improving the Quality of Life of Vulnerable and Older People  An Efficient, Effective and Customer-Focused Council that delivers Value-For- Money for the Community
Various Sites	Legislative	<b>Energy Performance Certificates –</b> There is a duty on property owners to improve energy usage on their properties.	The Authority will be complying with its duty to manage energy within its properties.	Maintaining a High Quality, Attractive and Sustainable Environment.
Wellington Swimming Pool	Service Delivery	Improvement as part of BTI works – to enhance exiting facilities at Wellington	Improved service delivery.	Promoting Healthy Communities and Improving the Quality of Life of

Asset	Priority	Description of works	Expected outcomes	Links to Community Priorities
		swimming pool a contribution is being made to the BTI scheme to undertake works whilst the centre is closed. The main areas of work being addressed are the concrete decay to the pool tank and alterations to the changing facilities.		<p>Vulnerable and Older People</p> <p>An Efficient, Effective and Customer-Focused Council that delivers Value-For- Money for the Community</p> <p>Maintaining a High Quality, Attractive and Sustainable Environment.</p> <p>Giving Children &amp; Young People the Best Possible Start in their Lives</p>
Newport Swimming Pool	Service Delivery	<p><b>Roofing and essential mechanical works -</b></p> <p>Newport swimming pool is in need of major investment. The roof over the plant room has failed and needs to be enclosed. The main pool roof is suffering condensation problems and the plant is in need of some repairs In addition to this the air handling unit has reached the end of its economic life and to enable to roof repairs needs to be replaced.</p>	<p>Improved service delivery.</p> <p>Reduction in condition backlog</p>	<p>Promoting Healthy Communities and Improving the Quality of Life of Vulnerable and Older People</p> <p>An Efficient, Effective and Customer-Focused Council that delivers Value-For- Money for the Community</p> <p>Giving Children &amp; Young People the Best Possible Start in their Lives</p>
Telford Ice Rink	Service Delivery	<p><b>Essential Funding</b></p> <p>Telford Ice Rink has a major condition backlog however due to the possible building relocation it was agreed that investment would be kept to a minimum. An allocation is maintained each year to ensure that the building remains operational.</p>	Maintain Service Delivery	Creating a Safe, Strong and Cohesive Community
Darby House	Service Delivery	<p><b>Various Works –</b></p> <p>Works required are toilet refurbishments, lighting, re surfacing of car parks and re fenestration of certain elevations</p>	<p>Maintain building to required standards under lease.</p> <p>Maintain Service Delivery</p>	<p>An Efficient, Effective and Customer-Focused Council that delivers Value-For- Money for the Community</p> <p>Maintaining a High Quality, Attractive and Sustainable Environment.</p>

## Education Planned Programme - Schools

<b>Asset</b>	<b>Priority</b>	<b>Description of works</b>	<b>Expected outcomes</b>	<b>Links to Corporate Priorities</b>
Various Sites	Health & Safety	<b>Asbestos Removal</b> As part of the Authorities Asbestos Management Plan it is required to assess and remove where necessary asbestos where it is a risk to public health.	That asbestos issues within school buildings are managed in proactive way ensuring the health and safety of occupants and visitors.	Giving Children & Young People the Best Possible Start in their Lives  Creating a Safe, Strong and Cohesive Community
Various Sites	Service Delivery	<b>Education External Painting –</b> In order to maintain the external fabric of the Councils Assets a planned maintenance approach has been implemented for many years. In the longer term Planned Preventative Maintenance proves cost effective and reduces the need for major investment.	The proposal is to repaint all education buildings on a 4 year cycle. The planned approach enables this to take place and reduce the need for major investment.	Giving Children & Young People the Best Possible Start in their Lives  Maintaining a High Quality, Attractive and Sustainable Environment  An Efficient, Effective and Customer-Focused Council that delivers Value-For-Money for the Community
Various Sites	Service Delivery / Health & Safety	<b>Emergency Works –</b> Due to the reduced funding for education condition related issues the funding available is being retained so as to address high cost works during the year, this should ensure that any school closures are kept to a minimum and that funding is available. The condition related issues for the secondary schools will be dealt with under the BSF programme	That the school property portfolio is maintained to a minimum over the forth coming year	Giving Children & Young People the Best Possible Start in their Lives  An Efficient, Effective and Customer-Focused Council that delivers Value-For-Money for the Community