

2004/05 OTHER AREAS CAPITAL PROGRAMME

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

15TH JULY 2004

Wards Affected

County-wide.

Purpose

To determine the allocation of unsupported borrowing for capital expenditure for 2004/05.

Key Decision

This is not a Key Decision.

Recommendations

- THAT (a) priority bids reflected in Appendix 1 be approved.**
- (b) any further schemes which are to be financed from Prudential Borrowing be determined; and**
- (c) the capital commitment implications for future years resulting from the schemes approved be noted.**

Reasons

Cabinet is responsible for determining the schemes to be funded from unsupported borrowing in line with the Council's Capital Strategy. However Council is responsible for approving the level of unsupported borrowing each year.

Considerations

1. Council has agreed a level of unsupported Prudential Borrowing for 2004/05 of up to £5,000,000 be used to fund the 'Other Areas Capital Programme'. A further sum of £127,000 is available from the supported borrowing allocations from central government giving a total funding available of £5,127,000.
2. Bids were sought, through Directors in consultation with Cabinet Members, from all areas of the Council, for capital projects, which would require Prudential Borrowing as a primary source of funding. The Capital Strategy and Asset Management Working Group (CSAMWG) has assessed these bids in a consistent manner against strategic corporate objectives and other key criteria such as legal need and the level of external funding leverage. The judgement of the group has been used to select and prioritise the bids as a basis for consideration by the Chief Executive's Management Team prior to Cabinet determining the final programme.

Further information on the subject of this report is available from Ian Hyson, County Treasurer,
on (01432) 260234

3. The nature of the bids for capital investment means that a number of the bids have a requirement for funding for more than one year. Funding will be required to match those commitments and the implications of this in revenue budget terms for future years needs to be considered.
4. Following consideration by the Chief Executive's Management Team, bids have been grouped into:
 - Priority schemes recommended for approval in 2004/05 (including future years commitments) (**APPENDIX 1**);
 - Additional schemes for consideration for approval in 2004/05 (including future years commitments) (**APPENDIX 2**);
 - Schemes provisionally recommended for approval in future years subject to Prudential Borrowing being available (**APPENDIX 3**);
 - Schemes not currently recommended for approval, for which future bids will be required for reconsideration (**APPENDIX 4**).
5. It must be emphasised that the recommendations, whilst soundly based, are put forward as a basis for consideration and final determination by Cabinet.
6. The table below summarises the groupings of the bids and the funding available.

	2004/05 £'000	2005/06 £'000	2006/07 £'000	2007/08 £'000	Total £'000
Priority Prudential Borrowing Available	3,586				
Potential Prudential Borrowing Available	1,414				
SCE(R) available to be allocated	127				
Total to fund SSP bids	<u>5,127</u>				
Priority Recommended Bids	3,586	1,655	1,313	1,250	7,804
Potential Recommended Bids	1,541	834	300	150	2,825
Future Years Recommendations	Nil	1,172	3,847	1,818	6,837
Rejected / Deferred Bids	5,532	4,519	1,314	6,830	18,195
Total needed to meet all bids (net of Revenue contribution)	10,659	8,180	6,774	10,048	35,661
Cumulative bids	10,659	18,839	25,613	35,661	

7. The major capital commitments proposed reflect both previous policy decisions made by the Cabinet, such as the North Herefordshire Swimming Pool, and the need to improve the overall business infrastructure within the organisation. These include improving access to services through Info Shops and Libraries and strengthening the ICT infrastructure which was also a feature of the revenue budget. Sustainable investment is also required in the Council's income earning assets, most notably improving access to its industrial estates. Investment in the Council's Crematorium is also becoming an urgent priority.
8. Those bids which have not been proposed for this year have been provisionally unsuccessful for a number of reasons, not least affordability. The Council's medium to long term capital programme is likely to be heavily influenced by not only accommodation issues but also by the potential development of Edgar Street and the public sector investment which will be required. In this respect consideration in future will need to be given to the current policy of allocating a major proportion of the

Central Government Supported Capital Expenditure (SCE) to Education, Transport and Housing, allocations which are based on expenditure plans submitted to Government.

9. The position regarding office accommodation and associated ICT and telephony infrastructure, including customer service access, remains uncertain but will need to be addressed during the next two years. Capital requirements are dependent on office moves yet to be determined and this has influenced bids being put forward for approval for 2004/05. It is, therefore, recommended that the balance available after funding priority schemes, i.e. £1,541,000, subject to any further schemes Cabinet is minded to approve, is earmarked for schemes consistent with the Council's priorities of improving customer access and delivering improved customer services. Early consideration of the Capital Programme for 2005/06 is required and will incorporate more detailed consideration of the overall accommodation position.
10. The bid for the development of the Info Shop and Library in Kington is included in this report in the list of schemes not recommended for approval in 2004/05 due to uncertainty over its external funding arrangements. However since drafting this report the position has become clearer and is the subject of a report elsewhere on the agenda. The recommendation in the subsequent report is that funding of £500,000 be provided. If approved the balance available after funding priority schemes will reduce to £1,041,000.
11. The Revenue Budget for 2004/05 reflects the capital financing costs of Prudential borrowing at £250,000 which rises to £450,000 for subsequent years. Additional costs in 2005/06 of £185,000 will be incurred, rising to £422,000 in subsequent years as a consequence of the capital commitments arising from 2004/05 schemes.
12. In addition to schemes supported by Prudential borrowing, Cabinet, has previously approved that £16.355 million of borrowing supported by Central Government be utilised within the Education, Transport and Housing areas of service. These are as follows:

	£000
Education	3,211
Transport	11,072
Housing	2,072

Risk Management

Proposals put forward for consideration have undertaken a rigorous review process, ensuring consistency with the Council's strategic objectives, together with legal and other relevant considerations.

Funding needs to be made available to meet the future year commitments from recommended schemes.

Consultees

None.

Background Papers

Reports to Capital Strategy and Asset Management Working Group.

PRIORITY SCHEMES RECOMMENDED FOR FUNDING

Ref	Scheme	2004/05	2005/06	2006/07	2007/08	Total	Detail
		£'000	£'000	£'000	£'000	£'000	
43	North Herefordshire Swimming Pool	1,800	395	63		2,258	This project has already received Cabinet approval
P/Y	Hereford City of Living Crafts	60	60			120	This was approved during the 2003/04 round of SSP. The main aim of the project is to help physically and economically regenerate Hereford City
4	Ledbury INFO, St Katherines Houses	4				4	This represents the feasibility costs with the remainder being shown below as possible future years expenditure. If this does not lead to a capital project this spend will have to be funded from revenue.
16	Friar St Museum Resource & Learning Centre phase 2	140				140	This project has already been approved, To achieve a stable environment for all Heritage Services collections in the new centre by minimising risks from all 10 agents of deterioration, thereby achieving national standards for the care of collections. This allocation is essential to attract £545,000 of Lottery funding.
44	Aylestone Park	100				100	Aylestone Park relates to land purchased under CPO legislation and the sum required is the minimum needed to develop the land to prevent legal action by the previous owners for non-progress. The existing allocation was based upon proposals to complete phases 1a and 1b of a 5 phase project. Site investigations have revealed high levels of contamination which will need to be treated and removed. Bids for future funding will need to be considered in light of this.
46	Ross Creative Learning Centre	117				117	Ross Creative Learning Centre will provide facilities for young people and the community of Ross. Although there is no legal need for this project, it will attract significant external funding. It is forecast to generate revenue income that could be used to meet capital financing charges of the project.
19	Disabled Access	200	200	200	200	800	The Disabled Access for public areas programme is required to conform to the Disabled Discrimination Act that comes into force in October 2004. Although significant progress has been made it is accepted that it will not be possible to fully conform to the legislation before October, so the areas of highest priority have been addressed first.
5	Crematorium Hereford	100				100	This bid totalled £2,455k and was to be supported by a contribution from the Crematorium revenue budget. The contribution was expected to be in the region of £60,000 per year therefore supporting around £667,000 capital expenditure. £100k has been provided in 2004/05 to meet planning and development costs while the rest of the bid has been deferred for a year. This bid has also been re-profiled primarily for VAT partial exemption reasons.
9	Leominster Closed Landfill Site Monitoring Infrastructure	45				45	This is a necessity under the requirements of the Waste Management Licence and original planning permission. This is the minimum required and should result in reduced monitoring costs. The original planning permission for the site requires its complete restoration which is expected to cost around £760,000. This is unavoidable and a bid for this will be submitted for 2005/06.
45	ICT - Golden Thread – Network Enhancement	770	500	950	950	3,170	This project has a strong business case and is needed in order to meet eGovernment targets and other business critical concerns. It has been acknowledged that previous investment in this area has been inadequate. The sum recommended is the minimum considered necessary to make progress in this area. Revenue implications for enhancing the network will be met from within existing IT budgets.

45	ICT - Golden Thread – Continuity/Disaster recovery	250	500	100	100	950	As above
45	ICT - Golden Thread - Telephony	TBA	TBA	TBA	TBA	TBA	Position currently uncertain, need to avoid abortive expenditure
25	Rationalisation of Office Accommodation	TBA	TBA	TBA	TBA	TBA	A number of options are being considered by the Accommodation Board. It is projected there will be a shortfall of capital receipts generated from disposals of current accommodation to fund any new option. However it is anticipated there will be revenue savings generated by rationalisation and these could be used to fund a significant level of the capital financing costs incurred.
Total		3,586	1,655	1,313	1,250	7,804	

ADDITIONAL SCHEMES FOR CONSIDERATION

Ref	Scheme	2004/05	2005/06	2006/07	2007/08	Total	Detail
		£'000	£'000	£'000	£'000	£'000	
53	Hfd City Enhancements - Shop Front Scheme	50	50	50		150	The main aim of this project is the physical & economic regeneration of Hereford City Centre. This is the only opportunity for major funding. Hereford is not in an Objective 2 area & the AWM bid for funding was turned down last year. This bid will tackle the most problematic city centre areas first. This regeneration scheme can be phased as it is one of six separate projects that make up the total bid. Refurbishment of Eign Gate is the most important. The detailed designs have been commissioned and public consultation will take place in Sep 2004. Funding is now required to implement the scheme.
53	Hfd City Enhancements – Eign Gate	100	400			500	The main aim of this project is the physical & economic regeneration of Hereford City Centre. This is the only opportunity for major funding. Hereford is not in an Objective 2 area & the AWM bid for funding was turned down last year. This bid will tackle the most problematic city centre areas first. This regeneration scheme can be phased as it is one of six separate projects that make up the total bid. Refurbishment of Eign Gate is the most important. The detailed designs have been commissioned and public consultation will take place in Sep 2004. Funding is now required to implement the scheme.
22	Upcott Pool – Newport Estate - Kington	45				45	Upcott Pool opening will provide a natural wildlife site and facility for informal recreation by the public.
17	Energy conservation	100				100	This relates to meeting national energy reduction targets and falls in line with the GEM Initiative. This will result in savings in energy costs, but servicing costs for the new energy management services will be incurred.
20	Clearbrook Farmhouse - Pembridge	25				25	Clearbrook Farmhouse requires major structural works to ensure that the Grade 1 listed property is structurally sound, wind and watertight.
10	Public toilets improvements	150	150	150	150	600	This represents an ongoing programme and is the minimum necessary to make progress. The future years sums are indicative figures, representing the minimum need for a continual rolling programme of improvement.
41	Ross Library	10				10	This represents the initial feasibility costs with the remainder being shown below as possible future years expenditure. NB if this does not lead to a capital project then the spend will have to be funded from revenue.
48	Soc Care & Hsg – Community Equipment	200				200	The aim of the community equipment service is to provide an integrated service to help Herefordshire residents to live as independently as possible in their own homes, through the supply of equipment and related provision.
49	Soc Care & Hsg - Disabled Facilities Grants	200				200	We estimate there is a substantial backlog of adaptation requests currently sitting with Herefordshire Housing and other Registered Social Landlords. They appear to be making little headway with the limited budgets available to them to deal with this. An additional allocation is being sought to enable the Council to assist with this and meet what ultimately are the local authority statutory obligations.

Ref	Scheme	2004/05	2005/06	2006/07	2007/08	Total	Detail
		£'000	£'000	£'000	£'000	£'000	
53	Hfd City Enhancements - High Town & High Street	145				145	The main aim of this project is the physical & economic regeneration of Hereford City Centre. This is the only opportunity for major funding. Hereford is not in an Objective 2 area & the AWM bid for funding was turned down last year. This bid will tackle the most problematic city centre areas first. This regeneration scheme can be phased as it is one of six separate projects that make up the total bid. Refurbishment of Eign Gate is the most important. The detailed designs have been commissioned and public consultation will take place in Sep 2004. Funding is now required to implement the scheme.
53	Hfd City Enhancements – Victoria Foot Bridge	100	100	100		300	The main aim of this project is the physical & economic regeneration of Hereford City Centre. This is the only opportunity for major funding. Hereford is not in an Objective 2 area & the AWM bid for funding was turned down last year. This bid will tackle the most problematic city centre areas first. This regeneration scheme can be phased as it is one of six separate projects that make up the total bid. Refurbishment of Eign Gate is the most important. The detailed designs have been commissioned and public consultation will take place in Sep 2004. Funding is now required to implement the scheme.
50	Soc Care & Hsg - ICT Development	316	134			450	This bid relates to essential improvements to ICT used by Social Services to meet Department of Health requirements.
1	Extension to Hereford Cemetery	100				100	This project is needed to ensure the continued use of the cemetery for the next ten years otherwise the space will be exhausted within two years. This will become an urgent priority in 2005/06.
Total		1,541	834	300	150	2,825	

PROVISIONALLY RECOMMENDED FOR FUTURE YEARS

Ref	Scheme	2004/05	2005/06	2006/07	2007/08	Total	Detail
		£'000	£'000	£'000	£'000	£'000	
5	Crematorium Hereford Sum Provided in 2004/05		650 (100)	850	955	2,355	This bid was to be supported by additional income generated from cremations. This is expected to generate in the region of £60,000 per year thus supporting around £667,000 borrowing as below. £100k has been provided in 2004/05 to meet planning and development costs while the rest of the bid has been deferred for a year.
5	Crematorium supported by revenue contribution		(278)	(111)	(278)	(667)	Effect of revenue contribution of £25k pa 2004/05, £35k pa in 2005/06 and £60k pa thereafter
23	Rotherwas Access Road		500	500		1,000	A bid is being prepared for external funding. It is necessary for the Council has to demonstrate that it can commit funding towards the development in order to secure this external funding.
53	Hfd City Enhancements - High Town & High Street		200	575	775	1,550	The main aim of this project is the physical & economic regeneration of Hereford City Centre. This is the only opportunity for major funding. Hereford is not in an Objective 2 area & the AWM bid for funding was turned down last year. This bid will tackle the most problematic city centre areas first. This regeneration scheme can be phased as it is one of six separate projects that make up the total bid. Refurbishment of Eign Gate is the most important. The detailed designs have been commissioned and public consultation will take place in Sep 2004. Funding is now required to implement the scheme.
16	Friar St Museum Resource & Learning Ctr - Phase 3			433	216	649	This is the final phase of the development and progressing this scheme may give rise to significant external funding.
4	Ledbury INFO, St Katherines Houses		200	850		1,050	This is part of the INFO/Library roll out for which the initial feasibility study will need to be undertaken.
41	Ross Library			750	150	900	This is part of the INFO/Library roll out for which the initial feasibility study will need to be undertaken.
Total			1,172	3,847	1,818	6,837	

APPENDIX 4

BIDS PROVISIONALLY UNSUCCESSFUL FOR 2004/05

Ref	Scheme	2004/05	2005/06	2006/07	2007/08	Total	Detail
		£'000	£'000	£'000	£'000	£'000	
45	ICT - Golden Thread - Network Enhancement, Flexible working, Continuity/disaster, Smartcard Technology & Corporate Doc Mgmt	1,475	1,035	385	385	3,280	Remainder of the ICT bid after allocations above.
3	Kington Wesleyan Chapel – INFO shop and Library	161	962	40		1,163	This bid has previously received preliminary Cabinet approval on the basis of significant external funding. The external funding was reduced so the element of Council funding required has increased. Of the bid, £150,000 is the minimum required to meet the legal requirement for disabled access but this level of spend would not generate external funding. If this scheme goes ahead, it will release the existing Kington Library and area office, which should generate a capital receipt of £187,000 in 2005/06. This bid has now been superseded as an alternative plan is being considered. A report on this item is included as the next item on the Cabinet Agenda.
7	Travellers Site at Bromyard	100				100	This project is subject to an external funding bid of £300,000. This external funding was originally unsuccessful but is now being reconsidered in August 2004. If successful (and if accepted by the Council) then the allocation of £100,000 will be a priority for 2005/06.
6	Travellers Site at Romany Close Hereford	100				100	As above. This project is subject to an external funding bid of £300,000. This external funding was originally unsuccessful but is now being reconsidered in August 2004. If successful (and if accepted by the Council) then the allocation of £100,000 will be a priority for 2005/06.
36	Rotherwas Business Centre	1,028	150	100	75	1,353	This project is intended to result in incubation units for lease by small and start up businesses - including high spec units, conference room and training suite to encourage growth of hi-tech small and start up businesses. A major factor in rejecting this bid is the effect it would have on the Councils VAT Partial Exemption position.
52	Customer Services - Leominster Info			200		200	The INFO shops and one stop shops are subject to a revised 'phased' programme for implementation. It is not possible to progress these schemes in 2004/05 so these are recommended for future consideration.
53	Hfd City Enhancements - Widemarsh Street		80	145	70	295	This bid has no external funding or specific legal issues and is not considered a current priority.
53	Hfd City Enhancements - City Signage Audit		15	30	30	75	This bid has no external funding or specific legal issues and is not considered a current priority.
2	Hereford City One Stop Shop	750				750	The INFO shops and one stop shops are subject to a revised 'phased' programme for implementation. It is not possible to progress these schemes in 2004/05 so these are recommended for future consideration.
15	INFO Service Centre (Contact Centre)	130	50	50		230	The INFO shops and one stop shops are subject to a revised 'phased' programme for implementation. It is not possible to progress these schemes in 2004/05 so these are recommended for future consideration.
26	Hereford City Christmas Lighting	50	10	10	10	80	This bid has no external funding or specific legal issues and is not considered a current priority.
27	Street Light Column Replacement	250	250	250	250	1,000	This bid has no external funding or specific legal issues and is not considered a current priority.

28	Additional Street Lighting	30	15	10	10	65	This bid has no external funding or specific legal issues and is not considered a current priority.
33	Sutton Primary School	600	1,370	59		2,029	This bid has been deferred for reconsideration in 2005/06.
34	Weobley High School - Sports Hall	592	582	35		1,209	This bid has been deferred for reconsideration in 2005/06.
51	Hereford Library				6,000	6,000	Long term ambition. Site to be identified and potential cost to be clarified.
	Modifications and Enhancements to the Courtyard Theatre	266				266	This was a late bid relating to a number of modifications needed for the Theatre. Negotiations are ongoing with the original contractors over the responsibility for meeting the cost of the works. Some of the work required is of a revenue nature.
	Edgar Street Grid				TBA	TBA	Long term ambition. Costs to be identified.
Total		5,532	4,519	1,314	6,830	18,195	