

Report to the Cabinet

Report reference: C/057/2007-08.

Date of meeting: 8 October 2007.



**Epping Forest
District Council**

Portfolio: Finance, Performance Management, and Corporate Support Services.

Subject: Capital Programme Review for the Period 2007-08 to 2011-12.

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Democratic Services Officer: Gary Woodhall (01992 – 564470).

Recommendations/Decisions Required:

- (1) That the latest five-year forecast of capital receipts be noted;**
- (2) That the level of usable capital receipts currently predicted to be £17,963,000 at 31 March 2012 be noted;**
- (3) That the revised the Capital Programme 2007-08 to 2011-12 be approved;**
- (4) That the following be approved or, where relevant, recommended to Council to approve:**
 - (a) a supplementary capital estimate in the sum of £13,000 for a new tractor for the Grounds Maintenance Service (to be financed from the capital receipt generated by the sale of the old tractor) and a sum of £3,000 be brought forward from 2008-09 to 2007-08;**
 - (b) revised capital bids for Civic Office Works in the sums of :**
 - (i) £373,000 for 2008-09;**
 - (ii) £86,000 for 2009-10;**
 - (iii) £4,000 for 2010-11; and**
 - (iv) £10,000 in 2011-12;**
 - (c) a virement in the sum of £7,000 from the General Capital Contingency to finance some outstanding remedial works at Loughton Leisure Centre;**
 - (d) a virement of £85,000 from the General IT budget to finance the remaining works on Computer Suite 2 at the civic offices;**
 - (d) a carry forward in the sum of £681,000 from 2007-08 to 2008-09 regarding the works at Bobbingworth Tip due to delays resulting from unfavorable weather conditions;**
 - (e) a carry forward in the sum of £2,000,000 from 2007-08 to 2008-09 in respect of the Town Centre Enhancement Scheme at Loughton Broadway;**
 - (f) a carry forward in the sum of £20,000 to be utilised for work at Ongar Leisure Centre in 2008-09, pending a further report;**
 - (g) a carry forward in the sum of £221,000 from 2007-08 to 2008-09 with**

regard to parking reviews and associated traffic management schemes;

(h) a carry forward in the sum of £55,000 from 2007-08 to 2008-09 for flood alleviation schemes due to estimated re-profiling of works;

(i) carry forwards in the sums of £132,000 and £702,000 from 2007-08 to future years for disabled facilities grants and other private sector grants respectively;

(j) a carry forward in the sum of £500,000 to 2008-09 for contributions to Housing Associations for the provision of affordable housing ;

(k) virements within the HRA in the sums of £200,000 to heating projects, £893,000 to kitchen and bathroom replacements within the cost reflective repairs category, and £90,000 to estate environmental works within non cost reflective repairs category are suggested from windows, roofing and asbestos works (£647,000); structural schemes (£90,000); small capital repairs (£198,000); and other planned maintenance (£248,000) in 2007-08; and

(l) carry forwards totaling £2,327,000 from 2007-08 to 2008-09 in respect of various categories of work within the Housing Revenue Account;

(5) That estimated HRA expenditure of £4,696,000, to be spent on the Council's own affordable housing and regeneration projects in 2007-08, be approved; and

(6) That the policy of capitalising additional pension deficit payments is maintained, and that in order to fund future payments a transfer of £2,500,000 is made from Usable Capital Receipts to the Pension Deficit Reserve.

Introduction:

1. This report initially sets out the capital programme that will form the basis of the Capital Strategy to be presented in November 2007. Since the capital programme was last approved in February 2007, an additional column showing the capital forecast for 2011-12 has been included.

2. The report also considers available funding, both now and future possibilities, and forecasts the likely financing of the capital programme over the next five years. The estimated level of capital resources is also given to the end of 2011-12.

Capital Programme:

3. The detailed capital programme for non-housing schemes is shown by portfolio at Appendix 2 and the detailed capital programme for housing schemes is shown at Appendix 3.

4. Spending control officers have been monitoring the progress of each scheme within the capital programme and have reassessed the estimated final costs and the phasing of expenditure profiles as part of the capital review.

5. Amendments made to the General Fund and Housing Revenue Account (HRA) capital programmes since Council approved the programme in February 2007, have been identified in the following paragraphs. The programme approved in February was based on the Capital Strategy approved by Cabinet on 9 October 2006.

Finance, Performance Management & Corporate Support Services:

6. The schemes financed through the Youth Sports Facilities initiative have been progressing well. To date grants totaling £168,000 have been paid to town and parish

councils from an original three year capital allocation of £300,000. The following table shows the actual grants paid over in 2005-06 and 2006-07 and original forecasts for 2007-08:

<u>Youth Facilities</u>	Actual 2005-06	Actual 2006-07	Forecast 2007-08
	£'000	£'000	£'000
Epping Town Council	12	12	0
Chigwell Parish Council	7	0	0
Fyfield Parish Council	17	0	0
Lambourne Parish Council	0	0	6
Waltham Abbey Town Council	9	25	5
Loughton Town Council	0	10	0
Epping Upland Parish Council	10	25	0
Ongar Parish Council	0	10	0
Sheering Parish Council	0	31	0
Others	0	0	121
Total	55	113	132

7. The table shows that grants paid last year totalled £113,000. There was slippage of £11,000 from 2006-07 to 2007-08, which has been taken into account in the above table and in Appendix 2. However, Members should note that a separate report from the portfolio holder on the Youth Initiative schemes is being considered at this meeting and, should the recommendations be approved, there will be revisions to the 2007-08 schedule of works set out in paragraph 3 above. It is hoped that the programme will be completed this year.

8. With regard to the accommodation works within the Planning section, there was slippage of £15,000 from 2006-07 into this financial year. It is intended that this work will be completed by the end of the year.

9. The purchase of two new messenger vehicles have taken place this year at a cost of £14,670 generating a small saving on the original budget of £16,000 approved at last years Capital Review.

10. A report elsewhere on the agenda details the position on a number of capital schemes approved or recommended to be undertaken at the civic offices. Members have been requested to consider revised capital growth bids of £373,000 in 2008-09, £86,000 in 2009-10, £4,000 in 2010-11 and £10,000 in 2011-12. The table below summarises the amounts approved to date and those sought in the Civic Offices Five Year Maintenance and Improvements Programme.

	2007-08	2008-09	2009-10	2010-11	2011-12	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Budget Approved	62	215	0	0	0	277
Budget Sought	0	158	86	4	10	258
TOTAL	62	373	86	4	10	535

11. Since the capital programme was last approved, one claim has been made on the General Capital Contingency. This was to finance estimated increased costs of £62,000 in respect of the Loughton Broadway town centre enhancement scheme. This serves to reduce the contingency to £188,000 in 2007-08.

12. It is suggested in paragraph 18 of this report that a further sum of £7,000 be vired out of the General Capital Contingency to finance the increased cost of remedial works at Loughton Leisure Centre. If approved, this would reduce the contingency down to £181,000.

Leader's Portfolio:

13. A capital budget of £20,000 was approved by Cabinet to finance the costs associated

with the sale of Merlin Way in 2006-07. Of this sum, £5,000 was spent last year and £15,000 has been carried forward, all of which is expected to be spent this financial year.

Customer Services, Media & ICT:

14. The main ICT project currently included in the capital programme is the Customer Services Transformation Programme (CSTP); which has a total scheme allocation of £2,239,000. A decision to postpone work on this project was made by Cabinet on 9 October 2006. Given the uncertainty on the size and timing of any scheme, £500,000 has been left in the programme for 2008-09 with the balance of £1,739,000 being in 2009-10.

15. A report to Cabinet on 22 January 2007 detailed the financial position relating to the replacement Local Taxation and Benefits ICT system. A capital sum of £309,000 was approved; £240,000 of which to be financed from IEG grant moneys and the remaining £69,000 was approved from district funds.

16. Progress has continued on the other ICT projects. The Planning element of the integrated Planning and Local Land Charges implementation went live in September 2005. However, delays have been experienced on the land charges element of the system but this now has a target completion date of December 2007. General IT infrastructure works are progressing well but slippage of an estimated £100,000 from 2007-08 to 2008-09 has been built into the programme. Work on computer suite number 2 has been hampered by technical difficulties and unexpected absences; there are still some outstanding works. Members are requested to approve a virement of £85,000 from the General IT budget to cover final costs.

Leisure & Young People:

17. Loughton Leisure Centre was completed and opened over three years ago and the final account was paid on 10 October 2005. However, there are still some outstanding remedial works. The works required to alleviate overheating of the teaching pool viewing gallery, approved at Cabinet on 5 June 2006, have now been successfully completed with far better environmental conditions for users achieved. However, there are two Health and Safety issues, which have been identified which require immediate resolution in relation to the main front entrance doors and the lift. This work will utilise the estimate of £7,000 carried forward from 2006-07. Outside of this there have been ongoing issues with the capacity of the hot water storage system resulting in customer complaints about shower temperature at peak-times. As this has the potential to develop into a claim from the leisure management contractor. It is recommended that a supplementary capital estimate of £7,000 be approved as a virement from the General Contingency to resolve the problem.

18. The purchase of the Ongar Leisure Centre from Essex County Council was completed in January 2004. In partnership with Sports and Leisure Management, work to convert the old weight training room and squash courts to a new fitness suite and movement studio, as well as a full refurbishment of the pool changing rooms has been undertaken. The project was completed in March 2007 and has been very well received. A sum of £23,000 remains from the original capital estimate, which has been carried forward to 2007-08. This allocation has been set aside to provide for new changing room facilities for users of the playing pitches; the old ones had been located within the old school gym which was demolished. Members have previously agreed in principle to an ambitious External Funding Application, to improve the pitches as a multi-sports hub. Of the remaining £23,000, it is estimated that £3,000 will be required for work in support of the Application in 2007-08 and Members are requested to approve a carry forward of £20,000 to be utilised for the project in 2008-09, pending a further report.

19. As part of the retail market agreement with the Council's North Weald Airfield market operator Rondeau General Merchants Limited, a contribution is made annually for infrastructure improvements. This contribution is ring-fenced to the market operation and the annual programme of works is jointly agreed with the operator. The schedule of works planned for this financial year includes resurfacing and security works to the sum of £110,000

with further expenditure of £60,000 planned for 2008-09. The estimate for 2008-09 also includes an additional one-off sum of £150,000, for the resurfacing of the Meadow Area at the commencement of the new agreement, as reported to Cabinet last cycle. This, too, will be funded from a contribution from Rondeau General Merchants Limited.

20. The museum redisplay programme was largely completed last year but £8,000 has been carried forward to 2007-08 and the project is expected to be completed by October 2007.

Environmental Protection:

21. The Bobbingworth Tip project was awarded to Veolia Limited (formerly Cleanaway Limited) in October 2004 under the NEC partnering type of Contract. Planning permission for the scheme was granted in April 2006. In order to achieve compliance with all planning conditions various consents and permissions had to be obtained and legal agreements reached. Construction activity commenced on 19 March 2007, almost 9 months later than planned. One of the major causes of delay to the project was the delay in finalisation of the Section 278 agreement between the Council and Essex County Council. The delay resulted in the escalation of costs for the major infrastructure works, estimates obtained for an earlier start date were no longer valid and a re-tendering exercise was necessary. The exceptionally wet summer has hampered soil importation and construction activity on site. At its meeting on 3 September 2007, Members approved an additional supplementary estimate of £270,000 to enable the scheme to be completed in 2008. This includes a contingency of £100,000. The estimate given in appendix 2 has been based on the original 2007-08 budget of £1,300,000 plus a carry forward of £111,000 from 2006-07 and the supplementary capital estimate of £270,000. The anticipated timing is such that £1,000,000 has been allocated to 2007-08 and the remaining £681,000 has been allocated to 2008-09.

22. The supplementary capital estimate approved for the purchase of the fleet of refuse and street cleansing vehicles has been included in the capital programme and the transaction was completed in May 2007.

23. The remaining budget of £20,000 for environmental protection equipment has been carried forward to 2007-08 to cover the costs relating to the final purchases of wheeled bins and this sum is expected to be fully expended by the end of this financial year.

Planning and Economic Development:

24. The Town Centre Enhancement (TCE) works undertaken at Loughton High Road, which represent phase 2 of the project, were essentially completed by October 2006. A report received recently from the quantity surveyor suggests that the scheme is broadly on target but officers have yet to discuss the figures. Once agreed, the project will be reviewed and a Cabinet report will be prepared. Appendix 2 assumes that the total scheme estimate of £1,415,000 for phase 2 of the works remains unchanged and includes the carry forward of £53,000 from 2006-07 to 2007-08 previously approved.

25. In order to complete the entire TCE project at Loughton High Road, two further phases were originally planned. However, no budget currently exists in the capital programme for phases 3 and 4. It had been estimated that a further £2,000,000, would be required to complete both phases. This sum has currently been excluded from the programme as agreed by Members as part of the last review of the Capital Strategy in October 2006.

26. A report on the town centre enhancement works at Loughton Broadway elsewhere on the agenda provides details of the current position on this project. The report confirms that Phase 1 has been completed and a decision regarding phase 2 has been requested. Pending Members' decision, appendix 2 of this report increases the original estimate of £1,970,000 for 2007-08 by slippage of £133,000 from 2006-07 and a virement of £62,000 from the general capital contingency, both of which have been previously approved. As works

on phase 2 have been delayed, Members are now requested to approve a carry forward of £2,000,000 to 2008-09.

27. The Council has recently received notification of Planning Development Grant (PDG) allocations for 2007-08 and a sum of £65,000 has been allocated to this Council for use on capital schemes. This sum has been included within the capital programme and within the funding statement. Details of schemes will be the subject of a future report.

Civil Engineering & Maintenance:

28. The table below shows the latest financial position for individual parking reviews and associated traffic management schemes.

Scheme	2006-07 Est £000	2006-07 Actual £000	2007-08 C/f £000	2007-08 Orig Est £000	2007-08 Revised £000	2008-09 Original £000
Buckhurst Hill parking review	129	64	65	0	65	0
Epping parking review	37	83	0	0	20	0
Clifton Rd residents parking	40	20	20	0	0	0
Interim reviews (Quick Fixes)	13	14	0	0	0	0
Parking bays for the disabled	20	0	20	0	20	0
Loughton parking review	75	2	73	75	0	148
W. Abbey parking review	75	2	73	75	0	148
North Loughton Lorry Ban	20	0	20	0	20	0
Completion of Committed Schemes Contingency	47	0	0	0	75	125
Total	456	185	271	150	200	421

29. A report outlining the position on current parking and associated traffic management schemes was presented to the Environmental & Planning Services Standing Scrutiny Panel on 5 September 2007 and a report to Cabinet will follow. Members are asked to note that the costs of parking reviews already underway are significantly exceeding original estimates. The main reasons for this are the higher than expected costs of Essex County Council's consultancy fees and the legal costs associated with advertising and making Traffic Regulation Orders. As a consequence there is a delay in progressing existing parking reviews beyond their current stage until the full costs of the reviews to date have been determined. Members will have the opportunity to reconsider the future of parking reviews and associated traffic management schemes at Cabinet in November. In the meantime, this report assumes that the Loughton and Waltham Abbey parking reviews will slip into 2008/09 and the saving of £20,000 achieved on the Clifton Road residents parking scheme will be vired to cover additional costs relating to the Epping parking review. In addition, a contingency of £75,000 has been included in this year to cover potential overspends required to complete committed schemes. The overall impact is a carry forward of £221,000 from 2007-08 to 2008-09.

30. The Grounds Maintenance Service is planning to purchase a new tractor to replace the old one at a cost of £53,000. As the annual allocation for vehicles and plant stands at £25,000, this sum has to be increased to cover the full cost of the new tractor. A carry forward of £12,000 was approved in June 2007 and members are requested to approve a brought forward sum of £3,000 from 2008-09 and a supplementary capital estimate of £13,000. The latter will be financed from the capital receipt generated by the sale of the old tractor.

31. With regard to the other capital schemes within the Civil Engineering and Maintenance portfolio: the housing estate car parking estimate has been increased to £107,000 in 2007-08, by virtue of a £70,000 carry forward from 2006-07; and £2,000 and £6,000 have been carried forward from last year to cover some outstanding snagging issues

at Queen's Road car park and Epping Drinking Fountain respectively. With regard to the latter, there is a report elsewhere on the agenda requesting Members to consider the future ownership of the fountain. Finally, the estimate in respect of flood alleviation schemes covers: the final costs of the health and safety improvement programme, which is expected to be completed this year; and the capital works to be undertaken on Principal Ordinary Watercourses and flood alleviation schemes. Anticipated costs associated with the latter have been re-profiled and it has been estimated that approximately 35% should be completed this year depending on weather conditions; Members are therefore requested to approve a carry forward of £55,000 from 2007-08 to 2008-09 in respect of flood alleviation schemes.

Housing General Fund:

32. The Council's budget for contributions to Housing Associations for the provision of affordable housing currently stands at £1,735,000 as shown in Appendix 3. With regard to the financing: £1million is to be funded from transitional relief on pooled capital receipts; a further £235,000 is to be financed from S106 Agreement monies, which have been paid to the Council by developers to provide grants to housing associations as a contribution towards the funding of affordable housing on other sites; and the remaining £500,000 will be financed from usable capital receipts.

33. Of the £1,735,000 estimate, £1,000,000 social housing grant has been allocated to Estuary Housing Association from Council funds. Planning applications for all eight of the proposed developments on Council-owned land have been considered by the Area Plans Sub-Committees. Two have not received planning permission for the proposals; one (Poundfield Road, Loughton) is now being sold to local residents for garden use and the other (Acres Avenue, Ongar) is now being dealt with as a "Phase 2", with Estuary HA reviewing these proposals with a view to re-submitting a planning application in the near future. The other six developments have received planning consent and the first tranche of two grants is expected to be paid to Estuary Housing Association this financial year. It is recommended that Members approve a carry forward of £500,000 for the second tranche of grant payments.

34. Of the £735,000 currently allocated to the London and Quadrant Housing Trust, a sum of £710,000 was paid in May 2007 to convert market housing at The Quarter, Ongar into affordable assured tenancies with a legal commitment to provide the balance from contributions received from developers through Section 106 Agreements in the future.

35. Last year the capital provision for private sector housing grants was increased by £200,000 per year from 2006-07 onwards for Disabled Facilities Grants and by a total of £720,000 between 2006-07 and 2007-08 for other private sector grants. The latter related to the introduction of a new grants strategy and was to be financed primarily by means of a capital grant from GO-East for improving non-decent private sector properties. Although the plan is to adopt the new strategy in full, implementation is still being phased in as staffing resources are being increased in line with the increased workload. As a consequence, the £447,000 capital grant paid in 2006-07 by GO-East was not utilized and has consequently all been carried forward. The remaining £226,000 grant monies will be paid this year and the capital grants programme has been re-profiled in line with officers' revised expectations. Members are requested to approve carry forwards of £132,000 and £705,000 to future years for disabled facilities grants and other private sector grants respectively; Appendix 3 shows the estimated spend profile.

36. The estimate of £378,000 for the compulsory purchase of 8/8a Sun Street, Waltham Abbey for redevelopment purposes, as approved by Cabinet on 10 July 2006, has been carried forward from 2006-07. The situation to date is that the Compulsory Purchase Order (CPO) was made on 3 August 2007 and the Council awaits a decision by the Secretary of State, Government office for the East, which is normally expected within two months. If the Order is unopposed, and assuming it is confirmed, we would look to initiate steps to acquire the property. If, however, an objection to the Order is made, there will need to be a public

local enquiry. This may delay proceedings by 6 to 8 months and a further 5 months if there is appeal to the High Court. It is therefore possible that the acquisition of the property will take place in this financial year, but it may have to be delayed until 2008-09, depending on circumstances. It is worth noting that under current financial rules, the Council has 3 years in which to secure the sale of a property to ensure 100% of the sale proceeds are returned to the Council's capital programme. If this was achieved the estimated final net cost to the Council remains at £27,500 as the resale value of the property is still thought to be in the region of £350,000.

37. Of the original estimate of £10,000 for the cost of drainage works at Alfred Road, £9,000 has been carried forward to 2006-07 as progress has been delayed due to difficulties agreeing site access with the owners.

38. A report elsewhere on the agenda raises the possibility of this Council piloting a new First Time Buyers Scheme in 2007-8 and 2008-9. No allowance has been made in the capital programme for this scheme at present, pending a decision.

Housing Revenue Account (HRA):

39. Members are requested to approve the revised HRA Capital Programme as presented in Appendix 3.

40. At its meeting on 12 March 2007, Cabinet approved an increase in revenue contributions to capital outlay (RCCO) of £1million to enhance the Housing Revenue Account's (HRA) capital programme over the next five years. This has been profiled over the four-year period 2008-09 to 2011-12 at £250,000 per year. The entire sum has been allocated to enhance the kitchen and bathrooms replacement programme in order to comply with the decent homes initiative.

41. The above increases bring the total estimates of revenue contributions to capital outlay in each year to the following levels:

- 2007/08 £1,985,000;
- 2008/09 £1,135,000;
- 2009/10 £1,529,000;
- 2010/11 £1,463,000; and
- 2011/12 £1,450,000.

42. The financial status of the HRA will be strictly monitored to ensure that these levels of RCCO are sustainable in the future. If the situation changes it may be necessary to revisit these increases in future years.

43. The Capital Outturn Report presented to Cabinet on 11 June 2007, identified slippage of £2,358,000 on HRA schemes and £1,000 on DLO vehicles in 2006-07, which have been carried forward into 2007-08. However, there were instances where work had commenced more rapidly than had been expected and a total of £147,000 was brought forward from 2007-08 to 2006-07. The impact of all these movements is shown in Appendix 3.

44. The progress made on each HRA scheme has been reassessed and some virements between categories are proposed in 2007-08. Virements of £200,000 to heating projects, £695,000 to kitchen and bathroom replacements within the cost reflective repairs category, and £90,000 to estate environmental works within non cost reflective repairs category are suggested from windows, roofing and asbestos works (£647,000); structural schemes (£90,000), and other planned maintenance (£248,000). These virements are accounted for in Appendix 3.

45. The major works to be carried out at Springfields, Waltham Abbey have been tendered and Cabinet has approved the tender submitted by Apollo London Ltd in the sum of £3,233,204 based on a 15-month contract period. A letter of intent has been issued and

contract documents are being drawn up. However, the contractor has offered a reduction of £70,000 from the tender sum if the works are completed in a 50-week contract period. This offer is being examined by the Head of Housing Services to ensure the works can be safely undertaken in a shorter contract period with residents in occupation. It is anticipated that the works will be completed by the end of 2008 and, although the overall estimated cost of the scheme remains unchanged, Members are asked to approve a carry forward of £1,400,000 from 2007-08 to 2008-09.

Capital Financing:

46. Appendix 1 shows a summary of the capital programme with the financing profile underneath. On 20 February 2007 Council approved the estimates of capital expenditure under Prudential Code Indicator P(2) and estimates of how this would be financed were also given for the years 2006-07 to 2009-10. Appendix 1 has applied the same principles with regard to funding although changes in the expenditure profile have been reflected in the financing requirements in each year.

47. All sources of funds available to the Council to finance the General Fund and HRA Capital Programmes are listed in Appendix 5.

48. The Council has maintained a consistent policy of prudence in forecasting available capital resources to ensure that any capital project included in the capital programme will be fundable. This means that only capital receipts received to date and projected receipts from the sale of council houses and mortgage receipts are taken into account; no recognition of any other potential receipts is made. Therefore when predicting levels of available capital funding, receipts from future land sales are not taken into account. Similarly a prudent view is taken of other sources of capital funding.

49. With regard to capital receipts, the position regarding generation of capital receipts has improved since it was last reported to Cabinet. The number of Council House sales in 2006-07 was higher than expected and the average price increased in the second half of the year. So far this year 14 sales have been completed to the beginning of September 2007 and the full year projected sales figure has therefore been revised to 32 for this year. This compares to 46 sales last year and 40 the year before. Future projections are difficult to make as there are many uncertainties in the housing market, therefore a cautious and prudent approach has been adopted at this stage and the situation will continue to be monitored.

50. Previous reports have identified a number of potential non-housing capital receipts. Members will be aware that the sale of the parade ground at North Weald was completed in 2006-07 and that the sale price was subject to a confidentiality agreement. The proceeds from the sale of the T11 site at Langston Road have also been received and included in Appendix 4. Work is continuing on the sale of the land at Merlin Way and, although no figures have been included in Appendix 4, it is anticipated that the sale should be finalised by the end of this financial year.

51. Appendix 4(a) shows the latest forecast of capital receipt generation, their application and hence the likely level of resources available to fund new projects. The figures take into account the pooling arrangements, which were introduced on 1 April 2004, and recognise the end of the transitional relief arrangements that Epping Forest has been entitled to as a debt free authority for the past three years. Following the recommendation of the Finance & Performance Management Cabinet Committee on 24 September to continue the policy of capitalising additional pension deficit payments, the appendix includes the transfer of £2.5 million of capital receipts to the Pension Deficit Reserve. The appendix shows that, based on current expenditure and projected receipts, usable capital receipts will total £17,963,000 as at the end of the programme period, i.e. 31 March 2012.

52. Appendix 4(b) shows anticipated balances on the Major Repairs Reserve with an estimated balance of £6,291,000 by 31 March 2012. In order to reduce this balance, housing

officers are planning to increase the HRA capital programme as part of the review of the HRA Business Plan next year and the agreed plan will be included in the Capital Review next year.

Statement in Support of Recommended Action:

53. The capital programme adheres to decisions already approved by the Cabinet or decisions that the Cabinet is soon to consider. The actions recommended are intended to make the best use of the capital resources currently and forecast to become available for capital schemes to 2011-12. Any deviation from the assumptions, all of which are stated in this report, will be amended accordingly.

Other Options for Action:

54. The level of capital resources is predicted to fall to £17,963,000 by 31 March 2012 as several new capital schemes have now been included in the Capital Programme and some existing schemes have been extended. The revenue consequence of reducing the level of capital receipts over the next five years is to reduce investment income. Members may choose to reconsider the inclusion of some new schemes or restrict existing schemes.

55. Given the current financial concerns regarding the costs of large scale parking reviews, Members may wish to consider whether this Council should continue to invest in such activities in the future. Alternatively, Members may wish to discuss the option of Essex County Council, as the highways authority, taking on board sole responsibility for all parking and associated traffic management schemes.

56. An alternative to using increased RCCO contributions to enhance the HRA capital programme would be to increase the use of usable capital receipts. This option was rejected because the RCCO levels suggested in this report are affordable within the HRA, according to current predictions, and any use of usable capital receipts for HRA purposes would have the effect of reducing capital resources available for the General Fund.

Consultation Undertaken:

57. All Heads of Service and spending control officers for individual schemes have been consulted.

Resource Implications:

Budget Provision: As detailed in the report.

Personnel: Nil.

Land: Nil.

Council Plan/BVPP Ref: N/A.

Relevant Statutory Powers: None.

Background Papers: Reference has been made to the Local Government Act 2003 (for England and Wales) and the Regulations.

Environmental/Human Rights/Crime and Disorder Act: Nil.

Key Decision Reference (if required): Key Decision.