CITY OF YORK COUNCIL

Executive **June 2008**

Report of the Director of Resources

CAPITAL PROGRAMME OUTTURN 2007/08 AND REVISIONS TO THE 2008/09 – 2010/11 PROGRAMME

Report Summary

1. The purpose of this report is to:

- Provide the Executive with the final outturn position of the capital programme for 2007/08 reflecting the capital outturn reports taken to Executive Member with Advisory Panel (EMAP) meetings for each department;
- Seek approval of the statutory declaration on the funding of the 2007/08 capital programme to show how the Councils expenditure has been financed, along with any financial implications this may result in;
- Highlight significant achievements from the Councils capital programme;
- Inform the Executive of any under or overspends and seek approval for any resulting changes to the programme;
- Inform the Executive of any slippage and seek approval for the associated funding to be slipped to or from the financial years to reflect this.
- Provide an update on future years capital programme.
- Update the Executive on a change to accounting policy in relation to the statutory minimum revenue provision (MRP).

Summary of the 2007/08 Capital Programme

2. Capital expenditure in 2007/08 totalled £42.026m. This represents the second largest ever capital programme delivered by the City of York Council. Figure One illustrates the increase in capital programme size since 1999/00, during which time it has more than doubled from £19.5m to this years outturn of £42.026m.

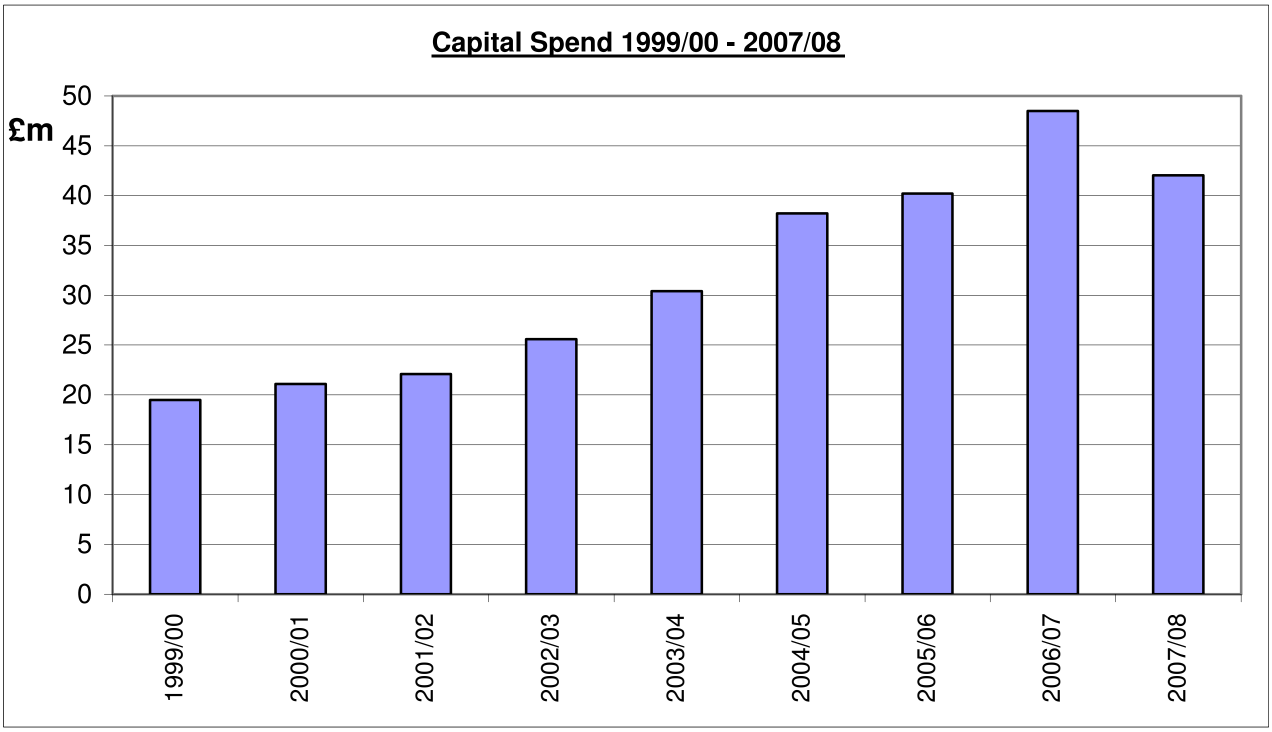

Figure 1: CYC Capital Programme Expenditure 1999/00-2007/08

3. Figure 2 shows the £42.026m expenditure split by departments during 2007/08.

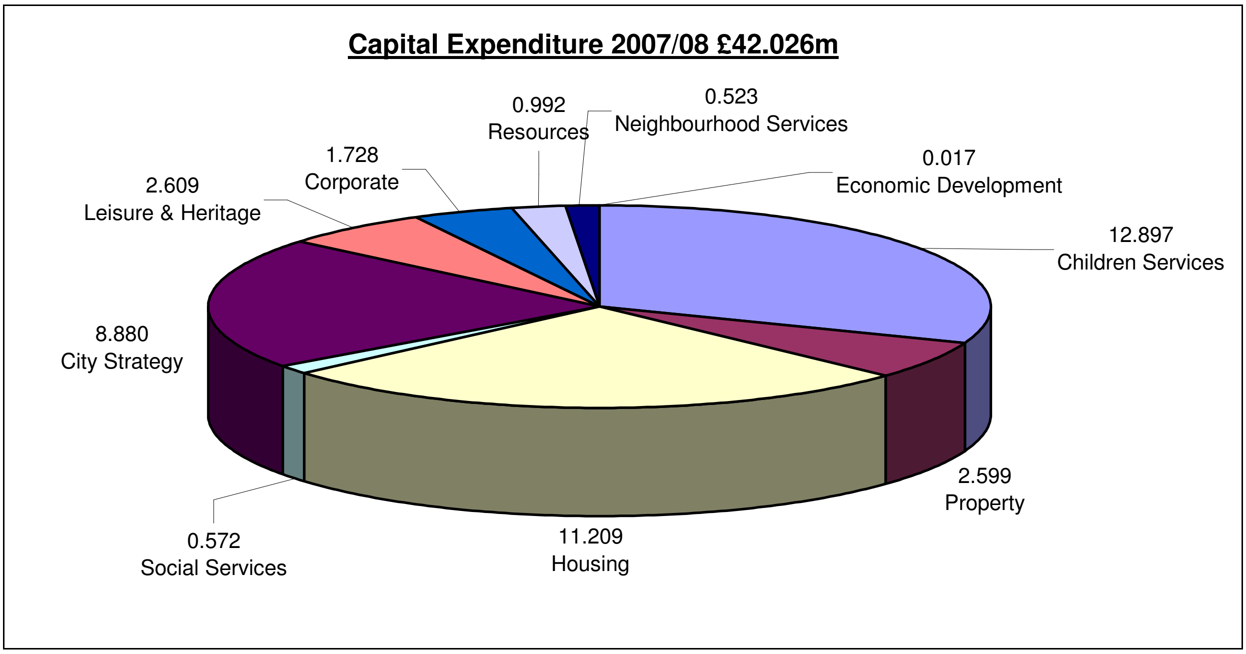

Figure 2 Capital Outturn by Department 2007/08

4. Capital receipts raised during 2007/08 were £9.1m, compared with £31.5 in 2006/07, which saw the large receipts from Foss Islands Depot (£10m), the sale of St Leonard's Place (£7m) as part of a sale and lease back scheme, the sale of the Barbican (£6m).

5. The Council continues to be successful in attracting strong support from the government with funding for roads, schools, housing and leisure amounting to more than £32.907m

6. Within the programme a number of significant schemes have been delivered or commenced during 2007/08, some of the key achievements for the year are:

   a. Expenditure of £1.08m has seen the completion of the refurbishment and reopening of 50 yard Edwardian Yearsley Pool

   b. Improvement works totalling £700k to Acomb Library began in August 2007 and was completed in February 2008. The centre is now open and operating successfully with visitor numbers up significantly since its opening.

   c. The progression of the Administrative Accommodation project has seen the start on the relocation of the Peasholme Centre and significant work on the design phase of the Hungate offices.

   d. Works totalling £1.36m on New Deals for Schools (NDS) modernisation programmes has allowed schools to invest in buildings, grounds and ICT equipment enabling schools to improve their pupils' educational standards.

   e. Completion of the £2.8m Skills Centre at Danesgate. The centre provides vocational training for hard to reach pupils across the city.

   f. Expenditure totalling £2.7m on the 5 Integrated Children's Centres (St Lawrences, New Earswick, Haxby Road, Carr and Tang Hall), which aim to bring together the work of schools, health and social services and stream line service delivery on these sites.

   g. An in year spend of £2.0m on the New Deals for Schools (NDS) devolved capital programmes giving schools direct funding for the priority capital needs of their buildings (capital repair, remodelling or new build) and investment in ICT equipment. Many schools use their allocations to contribute to larger projects at their school within the Children's Services capital programme.

   h. Design work commenced on the new £28m Joseph Rowntree Secondary School as part of the Government's One School Pathfinder project, with over £10m expected to be spent in 2008/09.

   i. Works totalling £2.4m have taken place on the £10m York High School project to refurbish and expand the school, as part of the school review on the West of the city. The review has also seen the start on site of the new voluntary aided Manor school.

   j. A substantial amount of work has been completed within the £6.3m Local Transport Plan (LTP). This years main project has been to build the new roundabout at Moor Lane which has now been completed on time.

k. More than £11m has been spent on projects relating to Housing with more than 2,000 individual projects on homes across the city as part of the modernisation and tenants choice programmes. In general properties have benefited from one or more elements of these works including:
   - 675 Installations and replacement of heating systems
   - 149 Reroofings completed
   - 250 new floors in communal areas
   - 250 internal security and lighting projects

Background

7. The original 2007/08 capital programme was approved by Full Council on 21 February 2007 at £43.749m. Since then the Executive have approved a number of adjustments as part of the 2006/07 outturn reports and the monitoring reports throughout the year. The latest approved capital programme budget, following adjustments from Januarys EMAPs is £46.839m, and was financed by £36.475m of external funding with the balance financed from £10.364m of capital receipts. As part of this year end outturn report it has been necessary to include the £0.526m capitalisation of Equal Pay costs and £1.202m in relation to the accounting treatment of the fleet management contract. These two items have been reported outside the main capital programme to date. The inclusion of these additional items in the analysis increases the final capital programme budget to £42.026m.

8. The changes to the original 2007/08 approved capital programme budget are summarised in Table 1.

	Gross Budget £m	**External Funding £m**	**Cost to CYC £m**
Original Budget Approved	43.749	33.803	9.946
Slippage Carried Forward from 2006/07	4.116	2.772	1.344
Additions from 06/07 outturn report	1.533	1.400	0.133
Additions as a result of urgency meetings / Exec reports	2.628	0.406	2.222
Adjustments made under delegated authority	0.117	0.293	(0.176)
Adjustments Approved at Monitor One	0.382	2.253	(1.871)
Adjustments Approved at Monitor Two	(5.686)	(4.452)	(1.234)
Current Approved Capital Programme	**46.839**	**36.475**	**10.364**

Table 1 – Current Approved Capital Programme

9. The capital programme has traditionally been well managed with Departments taking proactive action to retain any overspends within their resources. Year end variances therefore tend to be the result of slippage. Capital projects by there nature tend to cross financial years and from time to time budgets have to be adjusted between financial years to reflect changes to the spend profile of the capital scheme.

Consultation

10. The 2007/08 Capital Programme was approved by Full Council on 21 February 2007 after departments were invited to bid for capital receipt funding through the Capital Resource Allocation Model (CRAM). The CRAM process rigorously evaluates scheme submissions against key corporate objectives and national government priorities. Each departmental EMAP is consulted in relation to the bids to be put forward.

Options

11. The report is mainly for information, providing the Executive with the final outturn of the 2007/08 capital programme. However, there are a number of requests for slippage of funding in to the 2008/09 capital programme and future years. These requests are highlighted in the main body of the report.

2007/08 Capital Programme Outturn and Overview

12. The 2007/08 capital outturn of £42.026m represents an under spend of £4.813m against the restated budget of £46.839m, a variance of 10.2%, higher than last years variance of 7.7%.

13. There are requests for budgets to be carried forward (slipped) in to future years totalling £6.689m, and updates to the spend profile of future years schemes to improve the budgetary control of the capital programme. Further details are provided in paragraphs 14 to 36. The total variances for individual committee capital programmes along with requests for slippage and other key information are highlighted in Table 2.

Committee	Budget	Outturn	Variance	(Under) /Over spend	Slippage
	£m	£m	£m	£m	£m
Children's Services	17.239	12.897	(4.342)	(0.208)	(4.134)
City Strategy	9.535	8.880	(0.655)	(0.402)	(0.253)
Economic Development	0.259	0.017	(0.242)	(0.184)	(0.058)
Housing	9.453	11.209	1.756	1.373	0.383
Leisure and Culture	2.951	2.609	(0.342)	(0.118)	(0.224)
Neighbourhood Services	0.694	0.523	(0.171)	0.000	(0.171)
Resources inc (Easy@York)	6.062	3.590	(2.472)	(0.316)	(2.156)
Social Services	0.646	0.572	(0.074)	0.002	(0.076)
Subtotal	**46.839**	**40.298**	**(6.541)**	**0.147**	**(6.689)**
Equal Pay Capitalisation	0.000	0.526	0.526	0.526	0.000
Fleet Finance Leases	0.000	1.202	1.202	1.202	0.000
Total Capital	**46.839**	**42.026**	**(4.813)**	**1.875**	**(6.689)**

Table 2 –Approved Budget vs. Outturn & Requests for Slippage

Children's Services (Budget £17.239m, Outturn £12.897m)

14. The outturn of the 2007/08 Education Capital Programme is £12.897m, financed from £11.370m of external funding, resulting in a net cost to the Council of £1.527m. It is requested that the net budget slipped into 2008/09 is £4.134m. The total slippage of £4.714m for 2007/08 is reduced due to spend taking place on York High and Manor Schools of £48k and £532k respectively that was due to be spent in 2008/09.

15. £1.54m of the slippage is due to the NDS Modernisation. The schemes have been re-profiled over the next three years with £143k into 08/09, £600k into 09/10 and £800k into 10/11. The majority of schemes have progressed through tendering stage with 11 schemes totalling £1.06m planned to start on site in 2008/09.

16. £1.44m of the slippage is in relation to the 5 Integrated Children's Centres. The largest delay in spend is due to difficulty in sourcing extensions to the school which where both fit for purpose and complied with Listed Building Consent at the Haxby Road Centre, £543k is required to be slipped into 2008/09. St Lawrence's, Carr Integrated, Tang Hall and New Earswick all require the reprofiling of budgets into 2008/09. Both New Earswick and Tang Hall Integrated Children's Centre are now open with the slippage relating to unforeseen problems encountered by the builders during the construction causing delay to the programmes.

17. Sure Start Extended Schools Projects requires £0.966m to be slipped with £0.816m into 2008/09 and the remaining £150k into 2009/10. The slower than budgeted spend is due to work needing to take place with schools on bids to ensure that expected outcomes will be delivered

18. The Derwent Multi Use Games Area (MUGA) has been delayed and it is requested that £378k be reprofiled into 2008/09.

City Strategy (Budget £9.535, Outturn £8.880m)

19. The outturn of the City Strategy Capital Programme is £8.880m against a budget of £9.535m. The expenditure is financed from £7.406m of external funding, resulting in a net cost to the Council of £1.474m.

20. The main cause of the outturn being lower than the latest budget is due to the removal of the Developers Contribution scheme from the programme. £532k has been removed with the requirement for the developer contributions to be reviewed after the Regional transport Board have confirmed the Status of the Hopgrove roundabout scheme in July.

21. £233k of the Highways Resurfacing and Reconstruction scheme is requested to be reprofiled into 2008/09.

Economic Development (Budget £259k, Outturn £17k)

22. The outturn of the Economic Development Programme is £17k against a budget of £259k. The variance of £242k is attributable to the Small Business Workshops. £184k of the under spend is no longer needed as the buildings are to be provided by the private sector and then leased back to the Council. It is proposed that the £184k be used to repay debt and generate a Minimum Revenue Provision (MRP) saving for Economic Development that will allow the subsidising of the commercial rents on the new small business workshops. £58k will need to be reprofiled into 2008/09.

Housing Services (Budget £9.453m, Outturn £11.209m)

23. The 2007/08 Housing Services Capital Programme outturn was £11.209m against a budget of £9.453m. The programme was financed by £10.653m of external funding and right to buy (RTB) receipts of £344k, leaving a net cost to the Council of £212k. Of the £10.653m external funding £5.245m was funded through Major Repairs Allowance (MRA) Grant. Housing generated over £2.8m of capital receipts from the sale of land and houses of this £2.079m was returned to the government with £789k used to fund the capital programme.

24. The inclusion of the Arclight replacement at Union Terrace has been necessary because the Council are the accountable body for the scheme. The costs incurred in 2007/08 were £1.675m against a nil budget. The Councils does not contribute financially to the new build therefore its inclusion does not effect the call on Council receipts.

25. Excluding the Arclight scheme the outturn was £9.534m representing a small increase of £81k over the latest approved budget. The £81k is comprised of an under spend of £302k with reprofiled budget of £383k from 2008/09 brought forward into 2007/08.

Leisure and Culture (Budget £2.951m, Outturn £2.609m)

26. The outturn of the 2006/07 Leisure and Culture Capital Programme is £2.609m against a budget of £2.951m, financed from £0.663m of external funding, resulting in a net cost to the Council of £1.946m.

27. Of the £342k reduction against the latest approved budget position, £200k relates to the reprofiling of the Museums Service Heritage Lottery Bid Scheme into 2008/09 in relation to work that has not yet been completed.

28. The library at Acomb is now complete and due to funding being made available from Health ad Safety budgets the scheme has under spent by £97k.

29. The latest cost estimates for Oaklands Pool are projecting a shortfall of £530k which if funding is approved to finance the expenditure would raise the overall cost of the project to £6.514m. As previously agreed by members the pool will have a 50 year life span and a high level of environmental performance producing cost savings which will contribute towards funding the prudential borrowing. The main driver of the increase is the mechanical and electrical engineering package being higher than initially projected despite competitive tendering and additional costs in relation to the sub-structure, drains and internal finish. Options available to finance the shortfall include:

- Extending the repayment period of the prudential borrowing from the current 17 years to 30 years keeping the £130k per annum repayments at the current level, which will be generated from the savings of operating from an integrated modern facility. This would make available an extra £471k of funds to finance the shortfall. The remaining balance can be funded from using the contingency fund that is available within the pools programme for this purpose.
- Use capital receipts to fund the shortfall. This option was considered by Leisure and Culture EMAP and they recommended that this option was not pursued because of the high level of risk associated with the overachievement of current approved assets sale values, which given the slowdown in commercial and domestic property markets, may not be achievable.

Neighbourhood Services (Budget £0.694m, Outturn £0.523m)

30. The outturn of the Neighbourhood Services capital programme is £0.523m against a budget of £0.694m. The programme is financed from £0.346m of external funding requiring a call on capital receipts of £0.177m.

31. The reason for the variance against the latest budget is due to £168k in relation to Ward Committees being reprofiled into 2008/09. This is due to difficulties in identifying schemes that are suitable for capital expenditure.

Resources (Budget £6.062, Outturn £3.590m)

32. The Resources outturn was £6.062m, against a budget of £3.590m. The programme required funding from capital receipts of £2.320m, with £0.845m being financed by Prudential Borrowing and the remainder being the external

funding (£0.425m). The Prudential Borrowing is comprised of £0.125m for 35 Hospital Fields Road, £0.332m for IT equipment and £0.388m for Easy@York.

33. The Administrative Accommodation project spent £1.835m as the purchase of the Ambulance Station took place, £400k was spent on the relocation of the Peasholme Centre and design work progressed well. However due to extensive consultation with planning authority and professional bodies on the design of the new building the project spent £935k less than profiled and it requested that this be reprofiled into 2008/09.

34. The Easy@York project incurred expenditure of £660k against a budget of £1120k. The under spend is linked partly to the delay in the benefits implementation project with £120k needing to be reprofiled into 2008/09 and partly due to the transferring the implementation from an external provider to in house resources. The latter has seen the need for the prudential borrowing backed budget decrease by £340k.

Social Services (Budget £0.646m, Outturn £0.572m)

35. The outturn of the Social Services capital programme is £0.572m against a revised budget of £0.646m, the programme is financed by £0.329m of external funding requiring the balance of £0.243m to be met from capital receipts.

Equal Pay Capitalisation (Outturn £0.543m)

36. The costs of settling equal pay claims and job evaluation represents a significant cost pressure to Council's across the country. The government have recognised this and have allowed Council with a low reserve base to bid to capitalise some of the equal pay costs. The Council have been successful in their bid and have been issued with a capitalisation directive which allows the capitalisation of £526k of costs which would otherwise have to be met from revenue funds. The Council will prudentially borrow the £526k to finance the expenditure. The borrowing has to be repaid at a minimum rate of 4% per annum. However, it is more prudent to repay the debt over a shorter period of time, and it is proposed that it is repaid over 7 years, which is consistent with the Council's past treatment of such debt. The annual revenue costs of repayment will be £93k per annum.

Fleet Management Finance Leases (Outturn £1.202m)

37. As part of the Councils fleet management contract a number of vehicles have been purchased by the Council and financed on a finance lease basis rather than the traditional operating lease arrangement. Although this does not affect the day to day operation of the service, it does require the Council to account for the assets as if they were in their ownership.

Funding the 2007/08 Capital Programme

38. The current budget of £48.567m (adjusted for Equal Pay and ABRO) was to be funded from £38.203m of external funding and unsupported borrowing, leaving £10.364m to be funded from capital receipts. The outturn position of £42.026m reduced the external funding requirement by £3.59m to £32.907m. This left a funding requirement of £7.916m to be met from capital receipts.

39. In year receipts of £6.533m were available to fund the programme in addition to the receipts surplus brought forward from 2006/07 of £5.510m. This left £4.127m of unapplied receipts to be carried forward into 2008/09.

40. The statutory funding statement in Annex 1 provides full details of how the 2007/08 capital programme has been financed.

Update on the 2008/09 – 2010/11 Capital Programme

41. Table 3 shows the revised start budget for 2008/09 by portfolio taking into account the requests for slippage arising from the 2007/08 programme. If the slippage is approved the total capital programme for 2008/09 will be £75.942m, £35.113m more than the 2007/08 outturn.

Total by Department	Position at Budget	Slippage from 07/08 outturn	Revisions since Budget	Latest 2008/09 Budget
	£m	£m	£m	£m
Children's Services	45.103	-12.334	0.578	33.347
City Strategy	7.943	0.253	0.000	8.196
Economic Development	0.100	0.058	0.000	0.158
Housing	8.579	0.165	0.209	8.953
Leisure and Culture	7.198	-1.555	0.000	5.643
Neighbourhood Services	0.370	0.171	0.000	0.541
Resources	16.604	2.169	0.000	18.773
Social Services	0.255	0.076	0.000	0.331
Total	**86.152**	**-10.997**	**0.787**	**75.942**
Equal pay Capitalisation	0.000	0.000	0.000	0.000
Grand Total	**86.152**	**-10.997**	**0.787**	**75.942**

Table 3 – Revised Start Budget for 2008/09 Capital Programme following Slippage

42. The revised 2008/09 budget of £75.942m shown in Table 3 is a decrease of £10.210m against the budget position as at monitor 2. This decrease is comprised of £10.997m of slippage as reported in paragraphs 14 to 36 with revisions of £0.787m to the budget. All of the £0.787m is comprised of additional funding from Central Government Grants of £515k for the Targeted Capital Fund Diploma 14-19, £63k for Connexions Building Work and £209k in relation to Major Repairs Allowance schemes in Housing.

43. The restated capital programme for 2008/09 to 2011/12 split by portfolio is shown in table 4. The individual scheme level profiles can be seen in Annex 2.

Total by Department	2008/09 Budget	2009/10 Budget	2010/11 Budget	Total Budget
	£m	£m	£m	£m
Children's Services	33.347	31.670	20.653	85.670
City Strategy	8.196	6.566	6.050	20.812
Economic Development	0.158	0.000	0.000	0.100
Housing	8.953	8.451	8.619	26.023
Leisure and Culture	5.643	2.942	1.100	9.685
Neighbourhood Services	0.541	0.000	0.000	0.541
Resources	18.773	17.616	3.213	39.602
Social Services	0.331	0.305	0.280	0.916
Total	**75.942**	**67.550**	**39.915**	**183.349**

Table 4 – Restated Capital Programme 2008/09 to 2010/11

44. Members will note from Table 4 that the size of the capital programme as presented reduces significantly in 2010/11. The decline is attributable to the majority of the spend on the Administrative Accommodation building having taken place by the end of 2009/10 (£16m in 2008/09 and £17.3m in 2009/10) and the completion of the York High (£8.8m 2008/09), Manor School (£2.9m 2008/09) and the majority of the expenditure on Joseph Rowntree One school pathfinder project having taken place (£10m 2008/09 and £17m 2009/10).

45. The capital receipts forecast for 2008/09 to 2010/11 is shown in confidential Annex 3. Based on the latest capital receipts projections it is anticipated that £28.122m will be achieved by the end of 2010/11. Compared to the Monitor 2 position this alleviates the requirement to prudentially borrow to balance the programme from a position of £500k.

46. The change in the financing position is largely attributable to Hazel Court. As part of the sale of Foss Islands Road Depot the eco- Depot at Hazel Court was built. It was last reported to the Executive as part of the First monitor in 2007/08 that the final account on the project was yet to be settled, but that there was a potential claim against the Council and potential additional costs of £260k. The final account has now been agreed and the Council is in fact owed an additional £300k, that has been allocated to address the small funding shortfall identified when the 2008/09 to 2010/11 capital programme was set. Table 5 shows the projected call on capital receipts going forward.

	2007/08 £m	2008/09 £m	2009/10 £m	2010/11 £m	Total £m
Gross Capital Programme	40.823	75.942	67.550	39.915	224.230
Funded by					
Supported Borrowing	9.087	7.023	9.358	10.282	35.750
Grants and Contributions	21.949	34.774	35.196	24.123	116.042
Prudential Borrowing	1.871	10.578	17.804	1.918	32.171
Total External Funding	32.907	52.375	62.358	36.323	183.963
Funding to be Financed from Capital Receipts	7.916	23.567	5.192	3.592	40.267

Expected Capital Receipts	-6.533	-14.912	-3.825	-9.685	-34.955
Receipts b/fwd (surplus)/deficit	-5.510	-4.127	4.528	5.895	
Receipts c/fwd (surplus)/deficit	-4.127	4.528	5.895	-0.198	

Table 5 - 2007/08 –2010/11 Capital Programme Financing

47. Table 5 shows that in 2008/09 and 2009/10 the programme will have a capital receipts deficit of £4.528m and £5.895m respectively. This is due to the new schemes that require capital receipts funding such as York High and Manor School needing to become operational before the receipt from the sale of the old site/building can be realised in order to allow continued provision of service.

48. Due to changes in the way the Council is required to account for the Schools Private Finance Initiative (PFI) as reflected in the 2007/08 Statement of Accounts there is now an additional £4.032m available to fund the capital programme. It is recommended that the £4.032m is used cover the in year deficit caused by the back to back build and disposals in 2008/09 and 2009/10 thus reducing the cost of borrowing (MRP) impact in these years. If this option is taken then additional funding of £4.032m will then be available to allocate to capital schemes from 2010/11 forward. The effect of this would increase the overall surplus receipts position, illustrated in Table 5 to £4.230m.

49. It should be recognised that all capital receipts can be considered at risk of not being realised within set time frames and to estimated values until the receipt is received. The capital programme continues to be predicated on a small number of large capital receipts, which if not achieved would cause significant funding pressures for the programme. The main receipts expected which are considered to be uncertain due to planning permission and public consultation are:

    a. Manor Secondary School – receipt to part fund new Manor School;
    b. Lowfield Secondary School – receipt to part fund new York High School;
    c. Parkside Workshops;
    d. Yearsley Bridge – to contribute to the Hungate Offices Development.
    e. Right to Buy Receipts from Council House sales

50. There has been a rapid decline in the number of right to buy enquiries from tenants who wish to buy their Council house. The 2008/09 to 2010/11 Housing capital programme is reliant on net sales of £625k per annum. So far in 2008/09 there have been no enquiries from tenants possibly a reflection of the general state of the housing market. This position will be monitored throughout the forthcoming year.

51. In addition there continues to be pressure on the overall Council’s capital infrastructure with a building repairs backlog of over £16m and highways repairs backlogs of over £25m.

Hazel Court Depot

52. As part of the sale of Foss Islands Road Depot the eco- Depot at Hazel Court was built. It was last reported to the Executive as part of the First monitor in 2007/08 that the final account on the project was yet to be settled, but that there was a potential claim against the Council and potential additional costs of £260k. The final account has now been agreed and the Council is in fact owed an additional £300k, that has been allocated to address the small funding shortfall identified when the 2008/09 to 2010/11 capital programme was set.

Provision of debt repayment Policy

53. In March 2008 the Department for Communities and Local Government (DCLG) passed new legislation that gives Councils more flexibility in how it provides for the repayment of debt. The former regulations imposed a Minimum Revenue Provision (MRP) to be made of 4% of the Council's underlying debt requirement. Any given years MRP payment was based on the Council's Capital Financing Requirement (CFR) as at 31st March of the preceding year.

54. The new regulations allow Council's to make a "prudent" provision for the repayment of debt, and give Council's four options in determining what is prudent. The regulations state that the Council has to formally adopt a policy which sets out how it will provide for the repayment of debt within the four options provided. These are:

    a. The regulatory method – 4% of the borrowing outstanding;
    b. The Capital Financing Method – 4% of the Council's Capital Financing Requirement;
    c. The Depreciation Method – repayment of the debt over its depreciation life;
    d. The Asset Life Method – repayment over the life of the asset to which the borrowing has been taken to fund.

55. Options a and b have broadly the same impact on the Council, and the DCLG recommends that this method is used in relation to the government supported borrowing. Option c would take the maximum repayment period to 40 years on operational land and buildings. Option d would take the maximum repayment period up to 60 years for some assets. There are merits in adopting all the options, however, in terms of prudence it is recommended that the Council adopts option b for government supported borrowing and option d for unsupported borrowing, with a caveat that the asset life is an absolute maximum and wherever possible the debt should be repaid over a shorter period. To this end it is recommended that the standard repayment period should be up to 25 years or less if the asset life is shorter, unless approval is sought to extended the repayment provision over a longer period and a formal business case is made to the Executive to do so.

56. With all debts, the longer the repayment period the more is paid in interest over the period of the loan. It is therefore deemed as prudent to reduce the period over which the repayments are made.

Corporate Objectives

All schemes approved as part of the capital programme have been scored through the Capital Resource Allocation Model (CRAM), which rigorously evaluates scheme submissions against key corporate objectives and national government priorities. The diversity of the capital programme means that all 13 are reached in some way.

Financial Implications

57. The financial implications are considered in the main body of the report.

Human Resources Implications

58. There are no HR implications as a result of this report

Equalities Implications

59. The capital programme seeks to address key equalities issues that affect the Council and the public. Schemes that address equalities include the Disabilities Support Grant, the Schools Access Initiative, the Community Equipment Loans Store (CELS) and the Disabilities Discrimination Act (DDA) Access Improvements. The Easy@York project is also aimed at improving access to Council services for all residents.

Legal Implications

60. As stipulated by the CIPFA Prudential Code, the Council is required to present a statutory declaration of the 2007/08 capital expenditure and its funding to the secretary of state responsible for local government as set out in the 2003 Local Government. The statutory declaration as signed by the Director of Resources who is the Council's Section 151 officer is attached in Annex 1.

Crime and Disorder

61. There are no crime and disorder implications as a result of this report

Information Technology

62. There are no information technology implications as a result of this report

Property

63. The property implications of this paper are included in the main body of the report which covers the funding of the capital programme from capital receipts in paragraph 44 to 48.

Risk Management

64. The capital programme is regularly monitored as part of the corporate monitoring process. In addition to this the Corporate Capital Monitoring Group (CAPMOG) meets regularly to plan monitor and review major capital schemes to ensure that all capital risks to the Council are minimised.

Recommendations

65. The Executive is requested to:
    - Note the 2007/08 capital outturn position and approve the requests for slippage to and from the 2008/09 capital programme.
    - Approve the restated 2008/09 to 2010/11 programme as summarised in Table 4 and detailed in Annex 2.
    - Approve the statutory declaration of the 2007/08 capital expenditure as required by the Local Government Act 2003 part I.

Reason:

- To allow the continued effective management of the capital programme in 2008/09 and beyond.
- To fulfil its statutory function.

Contact Details

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Report Approved	*tick*	**Date**	*XX/06/2008*
Report Approved	*tick*	**Date**	*XX/06/2008*

Specialist Implications Officer(s)
None

Wards Affected: *List wards or tick box to indicate all* **All** *tick*

For further information please contact the author of the report

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Background Papers 2007/08 monitoring working papers and respective EMAP reports.

Annex 1 – Statutory declaration of Funding 2007/08
Annex 2 – Capital Programme by year 2007/08 – 2010/11
Confidential Annex 3 – Capital Receipts 2007/08 –2010/11