

Joint Report of the Assistant Director (Property Services) and Assistant Director (Financial Services)

Balfour Street Play Area (Back Park)– Reconsideration of Decision on Back Park Petition

Summary

- 1 This report highlights the impact of removing the Balfour Street Play Area capital receipt from the capital receipts programme. It also provides options for ensuring that the council's finances are properly managed.

Background

- 2 The Executive of 17 June 2008 responded to a recommendation from the Strategic Policy Panel 9 June 2008, and further recommended, that Full Council consider, at its meeting on 30 June 2008, a report setting out appropriate options and recommendations regarding Balfour Street Play Area, and no further action be taken until the outcome of this meeting is known.
- 3 At the Strategic Policy Panel of 9 June 2008 Members considered a report concerning the referral of a decision made by the Executive (Calling In) on 13 May 2008, in respect of the Executive's original decision on 6 May on an item seeking their response to a petition about Back Park, which was presented to full Council in November 2007.
- 4 The report set out the decisions of the Executive and the Executive (Calling In), the reasons for the referral by Cllr Scott, as Leader of the Labour Group, and the powers and role of the Strategic Policy Panel (SPP) in dealing with the referral.
- 5 The Strategic Policy Panel recommended that the Executive ask Officers for a report to be prepared for the Full Council meeting on 30th June with appropriate options and recommendations regarding the Balfour Street Play Area and that no further action is taken until the outcome of that meeting is known

Information

- 6 The Council approved its Capital Programme for 2008/09 to 2010/11 on 21st February 2008. The capital programme is financed from a number of sources including from capital receipts from the sale of surplus Council owned assets. The capital receipts schedule for the approved programme included a receipt of £350k for the sale of Balfour Street Play Area. The overall capital programme showed a £500k funding deficit at the end of the 2010/11, once all known capital receipts had been taken in to account. It was envisaged that this shortfall would be funded from either miscellaneous sales that arise over the 3-year programme, greater than expected

receipts from sales already identified or, as a last resort, from using the Council's "prudential" borrowing powers. The latter option would have had an annual revenue impact on the Council's budget of £45k per annum from 2011/12 if the full £500k shortfall remained.

- 7 The capital programme is constantly monitored, and it has been identified as part of the 2007/08 outturn position that the capital receipts position has appeared to have improved, with the forecast deficit of £500k now been projected as a surplus of almost £200k, mainly due to better than expected receipts being achieved. However, it is important to note that this surplus is predicated on achieving receipts of almost £28m over the next 3 years from the sale of 30 assets with an average value of over £900k. Failure to achieve a small number of these sales will result in a shortfall in the funding position on the programme.

Options

- 8 If the decision is to remove Balfour Street Play Area from the capital receipts programme there are a number of options
- a. Reduce the capital programme by the size of the budgeted receipt (£350k).
 - b. Identify additional receipts of an equivalent value to replace the budgeted Balfour Street receipt.
 - c. Borrow the shortfall at a cost of £31.5k per annum.

Analysis

- 10 Option (a)

This would involve reducing spend on one of the Council's capital receipt funded schemes. Other than the rolling programmes the majority of the Council's receipts are used to match fund a number of projects and secure external funding, any reduction in contribution to these would see a corresponding reduction in the amount of external funding granted.

Option (b)

Receipts are generally tight, with the majority of easy sales already made. Future receipts are more likely to come from the integration and rationalisation of the Council's assets with the receipt generated being used to enable the integration. Any other potential capital receipts not included in the capital receipts programme have not been fully considered or consulted on.

Option (c)

The Council can borrow to invest in capital projects providing the level of borrowing is prudent, sustainable and affordable. The shortfall on the sale of Balfour Street of £350k is within the Council's prudential limits and this amount could be borrowed, although a revenue budget would have to be allocated to fund its repayment.

- 11 Based on the current projections there is forecast to be a £200k surplus so the removal of the £350k from the sale of Balfour Street will return the programme in to a

deficit position of £150k, which is an improvement on the position when the budget was set."

Consultation

- 12 The comments and information provided by the Heads of Finance, Property and Legal Services have been included in this report.

Corporate Priorities

- 10 The capital programme provides investment in projects across the council supporting all of the council's corporate priorities.

Implications

- 11 The following information is provided:

- **Financial**

The balancing of capital receipts and expenditure is becoming more and more difficult to achieve. Any decision to amend this balance is not without risk.

- **Human Resources (HR)**

- 12 There are no HR implications.

- **Legal**

- 13 There are no Legal implications.

- **Crime and Disorder (C & D)**

- 14 There are no C & D implications.

- **Information Technology (IT)**

- 15 There are no IT implications.

- **Property**

- 16 Potential receipts have an estimated value of £28m over the next 3 years from the sale of 30 assets with an average value of over £900k. Many of these receipts have been identified as high risk and failure to achieve a small number of these sales will result in a shortfall in the funding position on the programme.

Risk Management

- 17 The current condition of the property market will increase the risk of not achieving the estimated level of capital receipts identified in this report.

Recommendation

- 18 Members are asked to re-consider the Executive decision to retain the Balfour Street Play Area site within the capital receipts programme.
- 19 If a decision is made to remove this site from the capital receipts programme, Members are asked to consider the options identified and analysed in this report for managing that financial situation.

Reason: To ensure the effective management of the council's capital resources

Contact Details

Author:

Neil Hindhaugh
Head of Property Services
Tel: (01904) 553312

Chief Officer Responsible for the report:

Neil Hindhaugh
Head of Property Services
Tel: (01904) 553312

Sian Hansom
Assistant Director: Financial Services
Tel: (01904) 55xxxx

Report Approved Date

Specialist Implications Officer(s)

Name Tom Wilkinson
Title Corporate Finance Manager
Tel No. (01904) 551187

Quentin Baker
Head of Legal & Democratic Services
Tel no. (01904) 55xxxx

Wards Affected:

For further information please contact the author of the report

Background Papers: