

TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE and PROPERTY ADVISORY BOARD

7 January 2009

Report of Management Team

Part 1- Public

Matters for Recommendation to Cabinet - Council Decision

1 CAPITAL PLAN REVIEW 2008/09

This report reviews the current position of existing Capital Plan schemes (List A), recommends new schemes for adding to List C, recommends schemes from List C for evaluation over the coming year, and recommends schemes for inclusion on List B from those List C schemes which were selected for evaluation in the 2007/08 review. Members are reminded, however, that any aspirations in respect of capital schemes need to be set within the context of the significant financial difficulties facing the Council (see report elsewhere on the agenda).

NOTE: ANNEXES 1 to 4 TO THIS REPORT ARE CONTAINED IN A SEPARATE BOOKLET CIRCULATED WITH THE AGENDA

1.1 Background

- 1.1.1 The capital plan process, as outlined below, provides a means of maintaining a pool of schemes (List C) from which schemes can be selected for evaluation and possible implementation. It also provides an opportunity to review the provisions for schemes which are already in the capital plan.
- 1.1.2 The review takes place within the context of the revenue estimates, reflecting the fact that capital schemes have an impact on revenue. Positive impacts may include potential to increase income and reduction in operating costs. Negative impacts may include loss of income during construction and will include loss of investment income where the project costs are met from the Council's resources.
- 1.1.3 Members will be aware that as a consequence of the current economic climate and a very poor local government finance settlement the Council is facing significant financial pressures. Opportunities have been taken in conducting this review to contribute towards a series of measure to address those pressures. That contribution is explored in more detail below.

1.2 Capital Plan Funding

- 1.2.1 Capital expenditure is funded from the revenue reserve for capital schemes, grants from government and other bodies, developer contributions and from capital receipts derived from the sale of assets. The revenue reserve for capital schemes provides the main source of funding for existing and any new schemes that are introduced into the Capital Plan.
- 1.2.2 The balance on the revenue reserve for capital schemes at 1st April 2008 was £16m. This substantial sum is sufficient to enable the authority to undertake a wide variety of capital expenditure over many years without recourse to borrowing.
- 1.2.3 The reserve is topped up annually by a revenue contribution as part of the Council budget setting process. That top-up is intended to contribute sufficient new funds to meet the cost of replacing existing plant and equipment as it reaches the end of its useful life as well as providing money for statutory services e.g. Disabled Facilities Grants. Clearly, replacement of life expired assets such as IT and the equipment used in our leisure facilities and elsewhere is essential to enable the Council to continue to deliver services.
- 1.2.4 The 2008/09 original estimates made provision for a contribution of £450,000 which represents approximately one third of our long term capital renewals and other annually recurring expenditure. The current financial difficulties are unprecedented and caused by a variety of factors which are outside the Council's control. The capital reserve is of sufficient size that in the short term the annual top-up can be temporarily suspended but this is **predicated** on the following:
- that current approved expenditure be examined with a view to budget provision being deleted or scaled back where feasible by some £2.5m,
 - the totality of new additions to the Capital Plan be limited to a predetermined annual figure of £600,000 (maximum), and
 - the annual contributions to the capital reserve from revenue are reintroduced within a reasonable time frame and increased over time to a level sufficient to meet capital renewals and other annually recurring expenditure, currently £1.5m.
- 1.2.5 On the assumption that the values identified in paragraph 1.2.4 are accepted then the revenue reserve for capital schemes will continue to be available to support new investment, without recourse to borrowing, throughout the life of the current MTFS.
- 1.2.6 The new additions and annual revenue contribution figures will need to be reviewed on a regular basis and incorporated into the Council's Capital Strategy.

1.3 The Capital Plan review process

1.3.1 The Capital Plan consists of three main elements:

- List C is a holding list of schemes which have not been fully worked up. List C schemes can be in two states – schemes which have been retained on List C for possible future adoption and schemes which have been selected for evaluation, effectively short-listed for adoption.
- List B is a holding list of List C schemes which have been evaluated and not eliminated. The presumption is that, subject to budget guidance, these schemes will be adopted for inclusion in List A.
- List A is the approved capital programme. Schemes will be selected from List B for inclusion in List A in accordance with budgetary guidance. This selection will be carried out in conjunction with the revenue budget process.

1.3.2 This meeting will consider four aspects of the review process and make recommendations to Cabinet on 14 January. The four aspects are:

- a review of existing Capital Plan schemes,
- the addition of new schemes to List C,
- the selection of schemes from List C which are considered suitable for evaluation over the following year, and
- consideration of those List C schemes which have been evaluated.

1.3.3 Policy Overview Committee on 27 January will consider the overall Capital Plan position and make recommendations as appropriate to Cabinet on 3 February. Cabinet on 3 February will consider and make recommendations on the transfer of schemes from List B to List A in the light of the overall financial situation. Finally Council on 19 February will consider recommendations from Cabinet.

1.3.4 Throughout the review process it is essential to remember that Capital Plan schemes should emerge from, or be designed to achieve, the Council's Corporate Aims and Objectives as published in Spotlight. Annexes 2, 3 & 4 contain references to the Corporate Aims and Objectives and a key to these appears in **[Annex 1]**. As the Corporate Aims and Objectives may vary from year to year, previously published references have been updated to reflect the 2008/09 edition of Spotlight.

1.4 Review of existing Capital Plan (List A) schemes.

1.4.1 Attached at **[Annex 2]** is the existing Capital Plan (List A) in budget book format where notes appear opposite the figures. The following routine adjustments to the 2008/09 Blue Budget Book have been made:

- the outturn for 2007/08 has been taken into account and any slippage still required has been included in 2008/09,
 - schemes included in the existing Blue Budget Book which were completed in 2007/08 have been removed, and
 - in accordance with the policy of having a rolling six year Capital Plan period, an additional year, 2014/15, has been added.
- 1.4.2 The Poult Wood Golf Course Maintenance Building Refurbishment and Leybourne Lakes Country Park Children's Play Facilities schemes were selected for "fast-track" evaluation in the 2007/08 Capital Plan review. As they entered the Capital Plan, the provision set up for fast-track schemes has been reduced.
- 1.4.3 In advance of the normal review process Council at its meeting on 8 July 2008, also approved the refurbishment of the All Weather Pitch at Tonbridge Farm Sports Ground following flood damage.
- 1.4.4 Capital renewals provisions have been extended by a further year to maintain the current level of assets. The schedules of asset replacement will be subject to a detailed review during 2009/10 to ensure that any potential over provision for replacement is eliminated. In the interim, Members are assured that need is the overriding factor in determining replacement and that scheduled renewal will not take place unless absolutely necessary.
- 1.4.5 Provision for recurring expenditure in respect of the following has also been extended by a further year: House Renovation Grants, Green Waste Recycling & Grey Refuse Bin Growth / Replacement, General IT Developments and the Leisure provision for Community Group Funding.
- 1.4.6 In partnership with other North and West Kent authorities the Council was successful in securing grant support from the Regional Housing Board. The Council has received £406,000 in 2008/09 and anticipates a total of £1.6m over the three year period 2008/09 to 2010/11. The grant award has enabled additional funding to be applied to housing assistance grants whilst providing some offset against the Council's original budget allocations.
- 1.4.7 Housing and Planning Delivery Grant of £1,458,000 was received in November 2008. £474,000 of the grant award is attributable to capital expenditure. The grant is not ring fenced for any particular purpose and is being used to support the Authority's capital expenditure in general.
- 1.4.8 The Tonbridge Castle Reception Enhancement budget has been increased by £250,000 reflecting KCC's contribution to the joint Gateway service.
- 1.4.9 Two virements have been approved by Management Team and Chief Officers using delegated authority provided under the Constitution. £23,000 has been vired from the Larkfield and Angel Centre capital renewals to Poult Wood Golf

Clubhouse capital renewals to fund refurbishment of the club house dining area. £8,000 has been vired from the Poulton Wood Grounds Maintenance capital renewals to the Poulton Wood Golf Course Replacement Irrigation scheme.

1.4.10 As outlined in paragraph 1.2.4 above, one of the constraints to be met in order that contributions to the capital reserve could be temporarily suspended was the deletion of £2.5m of existing approved capital budget provision. The table below summarises the proposed budget reductions and whether the scheme is to be included in future presentations of List C for potential reactivation. The explanatory notes contained within **[Annex 2]** include a commentary on the budget adjustment. Members are also referred to section 1.8 of this report which deals with the deletion of 2009/10 provisions in respect of grants to parish councils and voluntary and community organisations.

Scheme	Budget reduction £000	To be Included on List C	Annex 2 page no
Planning & Transportation			
Residents' Car Parking - Eccles	150	Yes	10
Footway Lighting Hugh Christie/Cage Green Prim	28	No	10
Footway Lighting The Ridgeway to Town Acres	24	No	10
Traffic Control Fatherwell Avenue, West Malling	39	Yes	12
Local Transport Plan Partnership Program	82	Yes(Ann 3)	12
Mereworth Village Entry Enhancements	39	Yes	16
Wateringbury Conservation Area	35	Yes	16
Shopping Parade Enhancement Woodlands Rd	50	Yes	16
Wrotham Heath	25	Yes	16
Drainage Pen Stream Phase 3	24	Yes	18
Drainage Improvement Programme	60	Yes	18
Flood Defence Aylesford Stream Flood Alleviation	23	No	18
Historic Building Grants Uncommitted 2009/10+	98	No	20
Environmental Health			
Recycling Initiatives	35	No	27
Green Waste Bin Growth / Replacement	30	Reduction	27
Refuse Bins Growth / Replacement	30	Reduction	27
Housing			
Housing Assistance	600	Reduction	32
Leisure			
Grants to Organisations Uncommitted 2009/10 +	349	No	45
Village/Community Hall Grants Uncommitted 2009/10+	250	No	47
Corporate Services			
Grants to Parish Councils Uncommitted 2009/10 +	400	No	60
Community Partnership Initiatives	72	Yes(Ann 4)	60
Corporate Provision for Fast Track Schemes	148	Reduction	60
Total	2,591		

1.4.11 It is **RECOMMENDED** that Cabinet be asked to endorse:

- 1) the deletion of existing approved budget provision as detailed in paragraph 1.4.10,

- 2) the transfer of those schemes listed in paragraph 1.4.10 from List A to List C, and
- 3) to note the Capital Plan (List A) position as shown in **[Annex 2]**.

1.5 Selection of New List C Schemes

1.5.1 A schedule of existing List C schemes and new schemes proposed for List C is attached at **[Annex 3]**. The schedule is in the same format as presented in previous Capital Plan reviews. The proposed new schemes are highlighted, but to aid Members a summary appears in the table below. There are no resource implications in adding new schemes to List C but in view of the pressure on the revenue budget there should be no expectation that the schemes are taken forward.

Schemes to be added to List C	Annex 3 page no
Leisure	
Angel Centre: Medway Hall / Sports Hall Changing Facilities (£50,000)	81
Sports Grounds: Tonbridge Farm Pavilion (up to £100,000)	84

1.5.2 Those List C schemes which were approved for List A and appear in the Blue Budget Book for 2007/08 have been deleted from List C. Also, a number of List C schemes have progressed to List A through fast track procedures since the publication of the Blue Budget Book and have therefore been removed from List C. A number of other schemes, as listed below, are proposed for deletion from List C. The reasons for the deletion are given in **[Annex 3]**.

Schemes to be deleted from List C	Annex 3 page no
Planning & Transportation	
Traffic Management: Bellingham Way, Ditton	68
Environmental Improvements: Hartlake Bridge Enhancement	70
Other Schemes: Snodland Regeneration Initiatives 2009/10	74
Other Schemes: Snodland Regeneration Initiatives 2010/11	74
Environmental Health	
Environmental Strategy: Purchase of Third Recycling Vehicle	76
Leisure	
LLC & Ton Swimming Pool: Pool Water Disinfection System	77
LLC: Improvements to Ceilings	78
Poult Wood Golf Centre: Re-leveling of Tees	82
Tonbridge Castle: Floodlighting	86
Open Spaces: Haysden Country Park - Car Park	86
Open Spaces: Haysden Country Park - CCTV	87
Open Spaces: Leybourne Lakes - Customer Improvements Future Phases	88
Open Spaces: Leisure Path Longmead to Ton Racecourse Sportsground	89
Open Spaces: Quincewood Gardens – Improvements	89
Corporate Services	

IT Initiatives: Performance Management Software	93
IT Initiatives: Public Access to Online GIS Data	93
IT Initiatives: Payment Card Security Standards	94
Other Schemes: Community Partnership Initiatives 2008/09	95

1.5.3 The following environmental improvement schemes are to be deleted as separate schemes from List C and included as part of the general Conservation Enhancement Programme

Schemes to be merged on List C	Annex 3 page no
Planning & Transportation	
Environmental Improvements : Hildenborough Conservation Area	68
Environmental Improvements : Wrotham Square / High Street	69
Environmental Improvements : West Malling Conservation Area	70

1.5.4 It is **RECOMMENDED** that Cabinet be asked to

- 1) include in List C the schemes listed in paragraph 1.5.1
- 2) note the removal from List C of those schemes noted in paragraph 1.5.2
- 3) note the merger of those schemes listed in paragraph 1.5.3.

1.6 Selection of List C schemes for evaluation.

1.6.1 At this meeting, Members have the opportunity to recommend schemes for evaluation over the coming year. If the recommendations are accepted, the scheme evaluations will be reported to this Board in January 2010.

1.6.2 It is recognised that the evaluation of schemes imposes a resource requirement and, in consequence, services have to establish a balance between the evaluation of new schemes and the delivery of existing approved schemes. The recommendations of schemes for evaluation have taken into account this balance. The selection of different schemes for evaluation may upset this balance.

1.6.3 The schedule of List C schemes in **[Annex 3]** indicates the schemes which have been recommended for evaluation. To assist Members, the table below summarises those recommendations.

Schemes selected for evaluation from List C	Annex 3 page no
Planning & Transportation	
Car Parking: Car Parking Enhancement Programme – Phase 3	65
Leisure	
Angel Centre: Medway Hall / Sports Hall Changing Facilities	81
Sports Grounds: Tonbridge Farm Pavilion	84
Sports Grounds: Tonbridge Racecourse – Bridge Repairs	85
Open Spaces: Silver Close / Hill Top – Children’s Play Equipment	90

- 1.6.4 No schemes have been selected for fast track evaluation.
- 1.6.5 It is **RECOMMENDED** that Cabinet be asked to select those schemes listed in paragraph 1.6.3 for evaluation over the coming year.

1.7 Evaluation of List C Schemes

- 1.7.1 As part of the 2007/08 and previous Capital Plan reviews a number of schemes were selected for evaluation. The results of those evaluations which have been concluded are reported in **[Annex 4]**.
- 1.7.2 The Parking Action Plan – Phase 7 scheme was evaluated and reported as part of the 2007/08 Capital Plan review. The evaluation is included in **[Annex 4]** for further consideration.
- 1.7.3 Members are reminded that the Capital Strategy sets out criteria for evaluation. These criteria are the basis for the pro forma structure for reporting on the evaluation.
- 1.7.4 The schemes which have been evaluated are summarised below. For information, indicative, estimated annual revenue costs are also shown. The amount and timing of the revenue impact depends on the profiling of the capital expenditure and the timing of any changes in activity levels which generate changes to running costs or income. For this reason the revenue costs do not equate to a specific year but give an indication of revenue costs in the year of implementation and full year cost in subsequent years.

Summary of evaluated schemes	Capital Cost £000	Revenue 1st year £	Impact: Future years £	Annex 4 page no
Planning & Transportation				
Parking Action Plan – Phase 7. Transfer from List C to List B	25	650	1,250	97
Car Park Enhancement Programme – Phase 4. Transfer from List C to List B.	70	1,750	3,500	98
Local Transport Plan Partnership Programme 2009/10. Delete from List C.	-	-	-	100
Tonbridge Town Lock. Transfer from List C to List B	408	5,500	25,420	101
Twisden Rd Shopping Parade. Retain on List C	-	-	-	103
Tonbridge Town Centre Enhancements Phase 2. Retain on List C.	-	-	-	104
Leisure				
Larkfield Leisure Centre Conversion of Squash Courts to Fitness Studios. Further evaluation required.	-	-	-	105
Tonbridge Swimming Pool Pumping Station Refurbishment. Transfer from List C to List B	39	15,400	1,950	109
Tonbridge School All Weather Pitch. Transfer	56	1,400	2,800	112

from List C to List B.				
Corporate Services				
Gibson Building Renewal of Roof Coverings. Retain on List C.	-	-	-	115
Community Partnership Initiatives 2009/10. Retain on List C as a non-year specific scheme.	-	-	-	116
Sub-total	598	24,700	34,920	
Less Town Lock Fast Track provision	(200)	(5,000)	(10,000)	
Total	398	19,700	24,920	

- 1.7.5 Members are reminded that evaluated schemes can be recommended for inclusion on List B, retention on List C for further evaluation, or deletion from the Capital Plan process. Recommendation for List B does not commit a scheme to be included on the Capital Plan but is an expression of “in principle” support. The figures in the above table have **not** been included in the draft revenue estimates reported elsewhere in these papers.
- 1.7.6 List B schemes will be considered by Cabinet on 3 February alongside the revenue estimates. Schemes may be selected for transfer from List B to List A in accordance with budget guidelines and the annual allowance for new additions to List A of £600,000 referred to in paragraph 1.2.4.
- 1.7.7 In recent times the Council has been able to pursue a progressive capital programme of works including, for example, significant investment in Larkfield Leisure Centre, a new Children's play area at Leybourne Lakes, improvements at Poulton Wood Golf Course, car parking improvement at Borough Green as well as Tonbridge. **In the current financial circumstances the extent of activity will inevitably be reduced** although we continue to work in partnership with others to pursue new facilities without drawing heavily on Council funds such as the current proposal to establish an all weather playing pitch at Wrotham/Borough Green.
- 1.7.8 It is **RECOMMENDED** that Cabinet be asked to transfer the following schemes from List C to List B:
- Parking Action Plan – Phase 7
 - Car Park Enhancement Programme – Phase 4
 - Tonbridge Town Lock
 - Tonbridge Swimming Pool Pumping Station Refurbishment
 - Tonbridge School All Weather Pitch

1.8 Capital Grants to Parish Councils and Voluntary and Community Organisations

- 1.8.1 Members will be aware that due to the financial situation facing the Borough Council, the decision was taken by Cabinet that it was no longer in a position to

provide the level of assistance it has in previous years to parish councils and voluntary and community groups. Against this background, funding for the 2009/10 scheme was withdrawn. However, the Cabinet also recognised that there may be some very special circumstances that could exceptionally justify a grant being made. Those organisations who felt they had a special case were invited to write to the Chief Executive giving their reasons for requesting exceptional consideration.

- 1.8.2 East Pecham, Trottiscliffe and West Malling Parish Councils and the St James Centre Trust have written in response to the withdrawal of grant funding, requesting exceptional consideration. **[Annex 5]** of this report includes copies of the letters from these organisations and details of the grant applications are shown in **[Annex 6]**.
- 1.8.3 Members are invited to consider these requests as “exceptional cases”. If Members agree that these schemes (all or any) should be supported, funding will need to be found from within the £600,000 allowance for capital schemes.
- 1.8.4 Cabinet is, therefore, **REQUESTED** to consider the applications from parish councils and voluntary and community organisations detailed in paragraph 1.8.2 , and determine whether any or all of the applications are recommended to Council for approval, with funding being met from the capital allowance for new schemes.

1.9 Legal Implications

1.9.1 Nil.

1.10 Financial and Value for Money Considerations

1.10.1 As noted in the above report.

1.11 Risk Assessment

1.11.1 Financial implications of new schemes to be considered by Cabinet at the February budget meeting.

Background papers:

contact: Mike Withey

Nil

David Hughes
Chief Executive

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Director of Finance