

BRIGHTON & HOVE COUNCIL

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Agenda Item:

Committee: Children's Trust Board

Date: 21st January, 2008

Report of: Director of Children's Services

Subject: Capital Resources & Capital Investment Programme,
2008/2009

Wards Affected: All

1. Purpose of report and report policy context

- 1.1. In order to determine an overall Capital Investment Programme for Brighton & Hove City Council, each service is asked to consider its capital investment requirements, within the level of allocated resources for 2008/2009.
- 1.2. The purpose of the report is to inform Members of the level of available capital resources allocated to this service for 2008/2009 and to recommend to Policy and Resources Committee a Capital Investment Programme for 2008/2009.
- 1.3. This report includes the use of revenue contributions to support capital investment and should be read in conjunction with the Revenue Budget 2008/2009 report for this service.

2. Recommendations

- 2.1. Members are asked to:
 - 2.1.1. Note the level of available capital resources totalling £6,857,120 for investment relating to education buildings financed from supported borrowing, capital grant and revenue contributions.

3. Information

Capital Strategy

- 3.1. Policy and Resources Committee approved the Capital Strategy as part of the Medium Term Financial Strategy (MTFS) on 19 April 2006. The strategy outlined the process for prioritisation and evaluation of capital investment projects.
- 3.2. The strategy included the pooling of all non-scheme specific capital resources that would be allocated to corporate priority areas of investment, taking into account the formula allocations included within the Single Capital Pot. (Education, Housing, Personal Social Services and Transport)
- 3.3. For 2008-09 it is proposed to allocate capital resources to the level of the Government's Supported Capital Expenditure plus their scheme specific resources subject to the Council's overall financial position which will be determined at Policy and Resources Committee on 7th February 2008. These resources may be supplemented with additional revenue contributions from individual service revenue budgets.

Capital Finance Settlement

- 3.4. In October 2007, the Government announced the three-year capital allocations up to 2010 /2011. This included the capital expenditure relating to this service for the next financial year
- 3.5. The table below shows a comparison between next year's settlement and the amount of resources allocated in 2007/2008 for this service.

	2007/2008 Settlement £'000	2008/2009 Settlement £'000	Difference £'000
Supported Borrowing - SCE (R)	2,251	3,002	+751
Capital Grant - SCE (C)	3,411	2,935	-476
Total	5,662	5,937	+275

- 3.6. This table only includes funding allocated for building related work. It does not include budgets managed by others.
- 3.7. The figures above need some further explanation since there has been a further change in the allocation of Capital Grant (SCE(C)) and Supported Borrowing (SCE(R)). Last year the NDS Modernisation funding was made available as a mixture of Capital Grant (30%) and Supported Borrowing (70%). For the 2008/2009 year all funding other than Devolved formula capital has been made available as Supported Borrowing. The overall level of capital funding available for expenditure on school buildings from the Government has **increased** this year by £275,000.

- 3.8. Supported Borrowing, unlike Capital Grant, requires financing costs to be met from the council's revenue budget. The cost to be borne by the council for financing £3.002m borrowing is £260,400 within the first full year.
- 3.9. Additional grant funding may be made available to the Department throughout the forthcoming financial year.

Capital Resources

- 3.10. The level of projected resources must finance all capital payments in 2008/2009 including existing approved schemes, new schemes and future year commitments. A summary of the resources available to finance these payments is shown in the table below.

	£'000
Supported Borrowing	3,045
Capital Grant	5,500
Total Government Support	8,545
External Contribution	17
Capital Reserves	359
Revenue Contribution	920
Total Capital Resources	9,841

- 3.11. Note: The figures above include all capital budgets for 2008/2009 for completeness, where as the figures in para 3.5 include only those budgets directly related to building fabric.
- 3.12. In addition to the resources identified above, the Department for Children, Schools and Families will allocate funding for expenditure at voluntary aided schools in Brighton & Hove under several programme headings.

Capital Investment Programme

- 3.13. A recommended Capital Investment Programme for 2008/2009 together with the impact in future years, by project, is shown in Appendix 1 to this report.
- 3.14. Capital slippage arising from the 2007/2008 capital programme will be incorporated into the 2008/2009 programme when the capital accounts are closed in May 2008 and will be funded from existing resources carried forward.
- 3.15. Under Financial Regulations, all new schemes require a detailed report to be submitted to Policy and Resources Committee for final approval prior to their commencement. This ensures that Members have the opportunity to assess the outputs of individual projects against their strategic priorities and to ensure that all the legal, financial and cross-service implications are fully considered.

