

**Report to:** EXECUTIVE

**Date:** 13<sup>th</sup> February 2009

**Report of:** DIRECTOR OF CORPORATE  
RESOURCES

**Report  
No:**

**Contact Officer:** Allan Gardner – Chief Accountant

**Tele No:** 1612

**Report Title:** CAPITAL PROGRAMME 2009/10 TO 2014/15

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**Confidential /  
Non Confidential:**

This report does not contain information which warrants its  
consideration in the absence of the press or members of the public

**Purpose:**

To propose a Capital Programme for the next five years

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**Decision:**

The Executive is asked to recommend the Capital Programme  
as set out in Appendix 1 to this report to Council for approval.

**Background Doc(s):**

## **1. BACKGROUND**

- 1.1 The Executive received a report setting out the capital proposals and resources for 2009/10 at its meeting on 12<sup>th</sup> January 2008. The report compared the likely capital resources available with bids advanced through the Corporate Business Planning Process. Relevant Executive Members were asked to consider detailed programme proposals. The Director of Corporate Resources was asked to produce a Capital Programme within the resources available.
- 1.2 This report details the capital programme which meets the above requirements and is consistent with the proposed revenue budget. The Capital Resources in the report of January 12<sup>th</sup> have been updated for changes in likely external resources available to individual services. The projected Cash Flow on Amenity Improvements has been revised to take in to account potential changes in the regulatory regime, other developments in the area and potential grant funding.

## **2. 2009/10 CAPITAL PROGRAMME**

- 2.1 The attached Appendix identifies capital expenditure proposals amounting to

	£000s
2009/10	85,883
2010/11	87,765
2011/12	65,505
2012/13	63,365
2013/14	53,394

The resources available to meet the programme are: -

	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000
Borrowing - Government Supported	7,959	5,913	4,028	4,028	4,028
Borrowing - Departmental funded including Invest to Save	12,320	1,259	1,171	430	480
Borrowing – Corporately Funded including Town Centre Pool	9,409	9,262	2,802	2,832	2,812
Grants & Contributions (largely, Children's, Housing & TIF)	32,951	54,342	41,858	40,501	30,500
Capital Receipts	5,680	4,450	4,500	4,500	4,500
Revenue (largely Major Repairs Allowance)	17,564	12,539	11,074	11,074	11,074
Total	85,883	87,765	65,505	63,365	53,394

### 3. OBSERVATIONS

- 3.1 Additional expenditure may be possible in the course of the year if sponsoring services identify additional sources of finance or obtain 100% grant support.
- 3.2 A report reviewing the current year's projected capital expenditure and resources is to be considered at the meeting of the Executive Member for Corporate Resources on 24th February 2009. It is likely some commitments from 2008/09 will be carried forward to be met in 2009/10 but matching resources will also be carried forward.
- 3.3 Each scheme has been appraised in terms of the policy aims identified in the Council's Corporate Plan. Additional criteria in allocating Capital Resources identified in the Capital Investment Strategy 2007 are: -

Area Targeting - Expenditure targeted to areas which have been identified as deprived.

Levering Funds - Expenditure which directly attracts other investment into the Borough

Specific Allocation - Expenditure met from resources granted by Government which may only be used for purpose shown or which would prejudice future allocations if it was not used in that way

Service Resources - Expenditure which is funded by resources already allocated to a Committee, e.g. via Revenue Budget

Asset Maintenance - Expenditure designed to address Asset Maintenance Plan priorities.

### 4 VAT

- 4.1 As part of the appraisal of the capital programme the proposals have been assessed for their anticipated impact on the Council's VAT recovery position.

It will be recalled the calculation by which local authorities establish their entitlement to full VAT recovery was subject to review by HM Revenue and Customs and there was a moratorium, allowing full recovery as of right in 2007/08 and 2008/09. Although the review has not been concluded it has been announced that from 2009/10 the previous regime is reinstated. Thus full VAT recovery is only permitted where less than 5% of VAT recovered relates to activities which are exempt from VAT (largely land transactions, paid for Education and Cremation). Where the 5% limit is exceeded no VAT recovery on VAT Exempt Activity is permitted. For Bolton in 2009/10 that would be an estimated £1.6 m

- 4.2 If the proposed programme is approved the exempt input tax proportion is estimated as follows:

	%
2009/10	3.2

2010/11	3.6
2011/12	3.6
2012/13	3.5
2013/14	3.6

The detailed calculations are set out in Appendix 2

Full VAT recovery is projected in each of the five years. However it is likely VAT regulations will change in the period. In addition the position is subject to:

Adherence to expenditure projections Variations in total expenditure will affect the quantum of exempt activity which can be accommodated thus the timing of changes in service delivery methods (Housing Transfer, Academies etc.) will alter projections. Similarly the timing of expenditure on schemes with significant exempt VAT content (e.g. Cremator replacement) will be require careful monitoring.

Managing the Exempt VAT content of schemes In land and property development schemes it is possible to take schemes out of the Exempt VAT calculation by "Opting to tax" i.e. charging VAT voluntarily. There is no option to tax on Cremation or Educational activities and there are instances where options to tax are rendered invalid for example where the future use of the property is for residential or educational purposes. Given the Council is currently developing a large number of partnership schemes it is important that these are correctly structured to minimise exempt VAT and that options to tax are effected where significant VAT recovery is involved..

## **5. CONCLUSION**

- 5.1 The Appendix to this report sets out a proposed Capital Programme, which can be funded from anticipated resources.

## **6. RECOMMENDATION**

- 6.1 The Executive is asked to recommend the Capital Programme for 2009/10 to 2014/15 as set out in Appendix One to this report to the Council for Approval.

## Proposed Capital Programme 2009/10 to 2013/14

	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
<b>Children's Services</b>					
Building Maintenance Programme	1,000	1,000			
Schools Capital Support Fund	200	200			
Kitchens	169	169			
Access - Main	457	457			
Devolved Capital - Main	3,849	3,849			
Land Acquisition	2,540				
Primary Capital Programme	4,013	6,391			
Primary Capital Programme - match funding	1,491				
Primary Capital Places		5,000			
14-19 Diploma's, SEN and Disabilities - TCF	2,000	6,000			
Kitchens and Dining Rooms - TCF	3,000	3,000			
Practical Cooking Spaces		600			
Building Schools for the Future Start up	1,491				
Building Schools for the Future Phase 1		11,981	30,000	10,000	
Building Schools for the Future Phase 2				20,000	20,000
Extended Schools - Standards Fund	515	267			
Harnessing Technology	966	1,047			
Youth Capital Fund	162	162			
Youth Capital Fund Plus	119				
Premier Training	250				
Children Centres - Phase 3	768	283			
Children Centres - Maintenance	104	109			
Early Years - Quality and access	2,038	1,159			
Children Social Care - DFG	52	52			
<b>Children's Services Total</b>	<b>25,184</b>	<b>41,726</b>	<b>30,000</b>	<b>30,000</b>	<b>20,000</b>
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	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
<b><u>Environmental Services</u></b>					
Queens Park Refurbishment	1,629	1,629	1,629	0	0
Parks & Greenspace Improvements	295	295	295	495	495
Transport Infrastructure Fund	3,500	3,500			
Local Transport Plan	7,409	7,409	7,409	7,409	7,409
Street Lighting- Replacement of Capacitors	80	80	80	80	80
Street Lighting- Dimming & Trimming	150	0	0	0	0
Street Lighting Renewals	265	365	415	465	515
Physical Measures To Address the Needs of People with Disabilities	200	200	200	200	200
Crime Related Street Lighting	100	100	100	100	100
Flood Defence- Maintenance Improvements	150	150	150	150	150
Pitt Review	40	40	50	50	50
Public Rights of Way Improvement Plan	60	77	77	77	77
Heaton Cemetery (extension)	86	541	541	0	0
Heaton Cemetery (Mercury Emmissions)	400	600	0	0	0
Waste Modernisation Technology	125	0	0	0	0
Lining & Signing - Parking Regulations	100	100	0	0	0
Ashburner Street Market	100	100	100	100	100
<b>Environmental Service Total</b>	<b>14,689</b>	<b>15,186</b>	<b>11,046</b>	<b>9,126</b>	<b>9,176</b>

	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
<b><u>Development &amp; Regeneration</u></b>					
District Centres Improvement Fund	95	100	100	100	100
Business Expansion Grants	90	90	90	90	90
Town Centre Improvement Fund	130	130	150	110	90
Industrial Estates Portfolio & BEC Improvements	25	25	25	25	25
Industrial Estates Partnership	15	20	20	20	20
Public Realm Implementation Framework	500	500	500	500	500
Development Enabling Fund	60	80	80	80	80
Bolton Innovation Zone	50	100	100	100	100
Dilapidated Buildings	70	70	70	90	90
Investment In ICT Systems - Departmental	80	80	80	80	80
Wellbeing Centre / Town Centre Pool	6,190	5,840			
<b>Development &amp; Regeneration Total</b>	<b>7,305</b>	<b>7,035</b>	<b>1,215</b>	<b>1,195</b>	<b>1,175</b>
<b><u>GRF Housing</u></b>					
Improvement Grants and Targeted Area Action	4,002	4,002	4,002	4,002	4,002
Assistance to Private Sector Outside Targeted Areas	940	940	940	940	940
Disabled Facility Grants	1,687	1,687	1,687	1,687	1,687
Clearance	150	150	150	150	150
GRF Activity	250	250	250	250	250
<b>GRF Housing Total</b>	<b>7,029</b>	<b>7,029</b>	<b>7,029</b>	<b>7,029</b>	<b>7,029</b>
<b><u>Housing Revenue Account</u></b>	<b>25,776</b>	<b>12,910</b>	<b>12,424</b>	<b>12,424</b>	<b>12,424</b>
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	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
<b>Adult and Community Services</b>					
Mental Health - Single Capital Pot Grant	146	146	146	146	145
Adult Placement Adaptations	132	145	145	145	145
Computers for social care delivery	15	50	100	100	100
Additional servers - Carefirst	75				
Improved connection to Health IT network	25				
Lift refurbishment programme	100	200	200		
Wilfred Geere - Laundry room re-configuration	30				
Harrowbys - backlog maintenance	36				
Brazley - backlog maintenance	52				
Energy Efficiency work	40				
Centre for Independent Living	150	250	250	250	250
Offer to children in the Central Library	42				
Brightmet Library	100				
People's Network: Partial Refresh	60				
Developing visitor facilities Central building	140				
Museums Refurbishment	100	100			
Archives essential works	100				
Replacement of Lamps and talkback system	27				
Refurbishment of Carnegie Hall	36				
Refurbishment of the Kitchens	90				
ICT Strategy	279				
<b>Adult and Community Services Total</b>	<b>1,775</b>	<b>891</b>	<b>841</b>	<b>641</b>	<b>640</b>



	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
<b>Central Departments</b>					
CSS IT refresh	200				
Access Layer/Data networks	100	100	100	100	100
E Government developments	300	300	300	300	300
LAN network maintenance	500	150	150	150	150
Access Points	750				
Asset Management Plan - urgent works	1,000	2,000	2,000	2,000	2,000
Area Property Review previously combined with AMP, but new aspects	100	100	100	100	100
Land development previously combined with AMP but new aspects	100	100	100	100	100
Health & Safety surveys	50	50	50	50	50
Glazing risk assessment and surveys	75	50	50	50	50
Carbon Management Programme	100	100	100	100	100
Le Mans Crescent Accommodation Phase 2	377	23			
Victoria Square accommodation	365	15			
Amenity improvements	108				
<b>Central Departments Total</b>	<b>4,125</b>	<b>2,988</b>	<b>2,950</b>	<b>2,950</b>	<b>2,950</b>
<b>Grand Total</b>	<b>85,883</b>	<b>87,765</b>	<b>65,505</b>	<b>63,365</b>	<b>53,394</b>

## Appendix 2

### Exempt Input Tax Monitor

Exempt Expenditure	Expenditure attracting VAT £000s	Exempt Proportion %	2009-10 Exempt Element £000s	Projected 2010-11 £000s	Projected 2011-12 £000s	Projected 2013-14 £000s	Projected 2014-15 £000s
<b>Revenue:</b>							
Crematorium	231	100	231	238	245	252	260
Greenspace	3,173	11	349	360	370	381	393
Community Centres	86	73	63	65	67	69	71
Excel Centre & Julillee Pool	131	22	29	30	31	31	32
Sure Start	363	1	4	4	4	4	4
HRA Non Dwelling Rents	31,500	1	315	324	334	344	355
Access & Advice	657	7	46	47	49	50	52
Mortgages	4	100	4	4	4	4	5
Urban Renewal	581	1	6	6	6	6	7
Travellers Site	41	2	1	1	1	1	1
Harvey Early Years	64	1	1	1	1	1	1
Schools	32,600	1	326	336	346	356	367
Libraries	257	7	18	19	19	20	20
Museums	169	32	54	56	57	59	61
Admin Buildings	2,006	16	321	331	341	351	361
Bolton Market	778	72	560	577	594	612	630
Outdistrict Markets	32	100	32	33	34	35	36
Land & Property	1,157	58	671	691	712	733	755
Legal Services	213	8	17	18	18	19	19
Debt Management	149	100	149	153	158	163	168
Industrial Estates	174	100	174	179	185	190	196
<b>Total Revenue</b>			<b>3,371</b>	<b>3,471</b>	<b>3,575</b>	<b>3,682</b>	<b>3,793</b>
<b>Capital (Including Internal Costs)</b>							
Bolton Market	100	72	72	72	72	72	72
Crematorium	400	100	400	600			
Schools	25,184	1	252	417	300	300	200
Libraries	202	7	14				
Museums	100	32	32	32			
Community Centres	126	73	92				
Parks	1,924	11	212	212	212	54	54
Industrial Estates	25	100	25	25	25	25	25
Asset Reviews	1,000	100	1,000	2,000	2,000	2,000	2,000
Admin Buildings	1,817	16	291	160	150	150	150
Land & Property	100	100	100	100	100	100	100
<b>Total Capital</b>			<b>2,490</b>	<b>3,618</b>	<b>2,859</b>	<b>2,701</b>	<b>2,601</b>
<b>Total Exempt Expenditure</b>			<b>5,861</b>	<b>7,089</b>	<b>6,434</b>	<b>6,383</b>	<b>6,394</b>
<b>Exempt Input Tax at 15/17.5%</b>			1,026	1,240	1,126	1,117	1,119
<b>Total Input Tax</b>			32,000	34,500	31,500	32,200	31,400
<b>Exempt as Proportion</b>			3.2	3.6	3.6	3.5	3.6