



SC 140 03/04

CITY OF PLYMOUTH

Scrutiny Report on the Capital Programme 2004/05

Overview and Scrutiny Commission

February 2004

'Overview and scrutiny is potentially the most exciting and powerful element of the entire local Government modernisation process. It places members at the heart of policy-making and at the heart of the way in which Councils respond to the demands of modernisation. In addition, overview and scrutiny is the mechanism by which Councils can achieve active community leadership, good governance and by which Councillors can become powerful and influential politicians.'

Office of the Deputy Prime Minister: 'The Development of Overview and Scrutiny in Local Government',
September 2002

CITY OF PLYMOUTH

Portfolio and Holder: Leader – Councillor Evans

CMT Member: Head of Policy and Performance

Subject: Capital Programme 2004/05

Committee: City Council

Date: 4th March 2004

Author: Overview and Scrutiny Commission

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Part: I

Executive Summary:

The purpose of this report is to submit recommendations to the City Council following a meeting of the Overview and Scrutiny Commission with additional Members co-opted for the purpose of reviewing and scrutinising Cabinet's proposals for the Council's capital programme 2004/05.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land:

There are implications of the Capital Programme on the Medium Term Capital Plan and the Medium Term Financial Plan, to be addressed in a future report to Cabinet.

Recommendations:

The Overview and Scrutiny Commission has considered the Capital Programme proposals for 2004/05 and –

- (1) supports in principle Cabinet's recommendations;
- (2) requests that the following items be monitored by the Commission through the year –
 - capital programme expenditure and programming
 - capital receipts realised;

- (3) requests that a report on the future plans for the Civic Centre, Windsor House and staff location be submitted to the Commission within 6 months of this meeting and following discussions with all parties;
 - (4) notes that the Leader has given an assurance that £2.5m will be made available to education in 2005/06 in return for this money being allocated to other issues in 2004/05 and that this is supported in principle by all parties present;
 - (5) recommends that arrangements be made for the following presentations to all Members of the City Council –
 - Section 106 agreements (when the Section 106 Officer is in post)
 - The Medium Term Financial Plan (when the Director of Corporate Resources is in post)
 - (6) emphasised the importance of training and in particular the benefit of the budget scrutiny training provided by the Institute of Public Finance in the conduct of this exercise and requests that arrangements be made for a further session after the elections in June to enable the remainder of Members to attend.
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Background papers:

The report of the Head of Performance and Policy (SC 127 03/04) on Budget Scrutiny 2004/05

The report of the City Treasurer and Chief Executive (C 69 03/04) on the 2004/05 Capital Programme.

The draft Corporate Plan 2004-2007

The draft minutes of Cabinet of 17th February 2004.

REPORT OF THE OVERVIEW AND SCRUTINY COMMISSION

CAPITAL PROGRAMME 2004/05

1.0 Introduction

The Overview and Scrutiny Commission agreed at its meeting on 15th January 2004 (minute 166 refers) that a special meeting would be held to consider the capital programme 2004/05 and that an additional four Members would be co-opted onto the Commission for this matter and that the statutory co-opted representatives for education matters would also be invited to attend.

2.0 Commission Structure

Councillors

Councillor Mrs Aspinall, in the Chair.

Councillor Kerswell, Vice Chair.

Councillors K. Foster (substitute for Councillor Savery), Fry, Ms Gillard. Hutchings, Michael Leaves, Shears (substitute for Councillor Vincent), Weekes and Nicky Wildy (substitute for Councillor Gordon).

Co-opted Members for Education Matters

Messrs Medlin and Willis

Witnesses

Councillor Evans	-	Leader
Alan Clifford	-	City Treasurer
Mike Robinson	-	Chief Executive (Acting)

Administrator – Nicola Kirby, Scrutiny Manager.

Apologies for absence: Councillors Gordon, Savery and Vincent and Prebendary Philpott (co-opted representative).

3.0 Objective

To scrutinise the Cabinet's proposals for the capital programme for 2004/05.

4.0 Hearing

The Panel met on one occasion, 19th February, 2004, to consider –

- the recommendations of Cabinet of 17th February 2004;
- the reports of the Head of Performance and Policy and the Chief Executive and City Treasurer;
- the draft Corporate Plan 2004 –2007;

and to hear from witnesses and formulate a report of recommendations to the City Council on 4th March, 2004.

5.0 Declarations of Interest

Councillor Nicky Wildy declared non prejudicial interests in the capital programme on matters relating to the Devonport Regeneration Company, Keystone SureStart, Plymouth SRB Partnership Ltd and the Wolseley Community and Economic Development Trust.

Councillor Kerswell declared a non-prejudicial interest in matters relating to Dale Community Forum.

Councillor Hutchings declared a non-prejudicial interest as Chair of the Governors at Ridgeway School.

6.0 Basis of Capital Programme

The Leader introduced the capital programme 2004/05, indicating that the programme was based on the following assumptions –

- that existing contractual commitments entered into in previous years would be resourced and delivered;
- the use of borrowing supported by Central Government would be maximised to ensure that the Council delivers against National priorities on education, transport, housing and social services;
- the revenue budget would continue to be supported through revenue capitalisation and capitalisation direction;
- Urgent works required at Chelson Meadow would be delivered;
- Other priority projects would be delivered as follows :

Completion of Royal Parade – Armada Way improvements
Education PFI – Consultant Costs
Q-Matic, Civic Centre
Tinside Disabled Access
Information system development to support recovery

- delivery of the Local Public Service Agreement as negotiated with the Office of the Deputy Prime Minister and other local public sector partners;
- advantage would be taken of particular wholly externally funded initiatives to benefit the City;
- the Council's Section 106 monies would be utilised.

7.0 The Commission's Findings

7.1 *Delegated Decisions taken by Portfolio Holders*

Following approval of the budget by the City Council, decisions would be taken by the Portfolio Holders to ensure delivery of the programme, acting within the Council's Budget and Policy Framework.

7.2 *Efficiency Savings*

The Chief Executive assured Members that efficiency savings on the capital programme would be achieved and as an example referred to changes that were being made in working arrangements between Building Surveyors and Architects in the light of best practice from other authorities.

7.3 *Capital Receipts*

In putting the budget together, account had been taken of 100% of anticipated capital receipts whereas 85% had been considered prudent management in last year's budget setting process. Greater emphasis was being placed on maximising the value of land which it was expected would generate increased funds.

7.4 *Revenue Capitalisation*

The City Treasurer advised Members that capitalisation of revenue needed to be reviewed as part of the Medium Term Financial Plan.

7.5 *Section 106 Monies*

The Leader indicated that a new appointment of a Section 106 Officer would shortly be made with responsibility to conduct negotiations with developers on Section 106 monies and consult with Ward Councillors to make the best use of those funds for the community.

The Commission was advised that a sum of £2m was either held by the Council or committed to the Council in respect of Section 106 monies and that £0.653m had been identified for use within the proposed capital programme.

7.6 *Education Supported Borrowing*

The phasing of supported borrowing for education did not match the phasing of project delivery. Consequently in 2004/05 education would not require £2.5m of the supported borrowing allocated. As part of the Single Capital Pot, the Council could allocate this resource to any other capital project in 2004/05. Education required the return of the resources in 2005/06. The Leader gave the Commission a commitment on behalf of his group that the repayment of the resources would be the first priority on funding from capital receipts in 2005/06. The City Treasurer indicated that in his memory the Council had

never generated less than £2.5m a year and that the proposal would ensure the best use of resources for the Council.

7.7 Education Major Projects

The Commission was advised that the Major Projects included for education were –

- Longcause School
- asbestos removal
- provision of additional school places
- removal of temporary huts

With regard to implications from the policy of a single point of entry for school admissions, provision had been made in the budget to enable the policy to be met by schools.

7.8 SureStart

The money identified within the key programme elements for SureStart in the sum of £1.998m was government funding and would be used to develop children's centres. In addition to the capital funding, a sum of £0.6m was being received for revenue funding.

7.9 Office Accommodation

No provision had been made within the capital programme for the outcome of a review of office accommodation, apart from a sum of £0.5m for a replacement fire alarm system, because any proposals would be funded by the generation of capital receipts from existing accommodation.

As part of the Council's review of its assets, the Leader indicated that all options were open to consideration should any individuals wish to express interest in any of its properties.

7.10 AMP Surveys (Asbestos and works to comply with the Disability Discrimination Act)

There were proposals to rebuild 6 primary schools to be funded from Private Finance Initiatives. Fewer issues had been identified at secondary schools which were generally newer buildings. A programme of asbestos removal was in place for the Council's housing stock.

With regard to compliance with the Disability Discrimination Act, an exercise was being undertaken to rationalise asset management and deploy survey staff on priority areas. Once the long term use of buildings was determined, resources would be allocated to improve those buildings to the required standard. The Commission was advised that the budget would be subject to amendment throughout the coming year with additional proposals for funding being considered by Cabinet as detailed information became available.

7.11 *Armada Way – Royal Parade Pedestrianisation*

The Commission was advised that the project would be subject to the tendering process and that funding of £0.58m had been approved from the Single Regeneration Budget.

7.12 *Land Bank*

No decision had been made on the type of sites to be included within a land bank of good quality sites for development. The costs would depend on whether the sites were serviced or not and on the development opportunities, for example partnership arrangements

7.13 *Maintenance of Council Owned Land*

The Chief Executive had been asked by Cabinet to consider ways of resolving the difficulties arising from the allocation of land to service areas and the ability of those services to maintain and clean those areas cost effectively. As a result, Council staff had now been instructed to undertake the work in the most cost effective way, irrespective of which services were responsible, and the payment for those services would be dealt with separately.

7.14 *Chelson Meadow*

The capital spending on Chelson Meadow was essential to prevent future environmental damage. Further costs were also expected in order to maintain the waste disposal site for a further 2 years until the Council was in a position to make alternative arrangements.

8.0 Commission's Recommended Action

The Overview and Scrutiny Commission has considered the Capital Programme proposals for 2004/05 and –

- (1) supports in principle Cabinet's recommendations;
- (2) requests that the following items be monitored by the Commission through the year –
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9.0 Thanks

- 9.1 The Leader thanked the Commission for their efficient conduct of the scrutiny of the budget setting process.
- 9.2 The Chair, on behalf of the Commission, thanked Officers and witnesses for preparing and presenting the Capital Programme 2004/05.