



## Belfast City Council

**Report to:** Strategic Policy & Resources Committee

**Subject:** Capital Programme

**Date:** 19 February 2010

**Reporting Officer:** Ronan Cregan, Improvement Manager, Ext: 6217

**Contact Officer:** Julie Thompson, Director of Finance and Resources. Ext: 6085  
Michael Stanley, Capital Programme Manager, Ext: 3483

### Relevant Background Information

This report has three purposes:

- (i) to seek approval to apply for loan sanctions which are required for a number of capital schemes which are currently underway;
- (ii) to seek approval to hold party group briefings on the development of a process for the future prioritisation of capital projects; and
- (iii) to seek approval to progress four new schemes which are dependent on time bound funding

### Key Issues

#### (i) Loan Sanctions

Members will be aware that there are four main ways to pay for schemes in the capital programme – grants, loans, capital receipts and revenue contributions. In the case of loans, the Council must apply to the Department of Environment for a loan sanction.

At this point in time, 11 schemes totalling £5,925,750, which Members have previously agreed to progress, now need loan sanctions in order to ensure that the council's cash flow position is sustained at acceptable levels. A list of the schemes which require loan sanctions is provided at Appendix 1.

Members should note that the principal and interest payments on these loans have already been budgeted for as part of the rate setting process.

#### (ii) Prioritisation of the Future Capital Schemes

Members will be aware that there are a number of proposals for new capital schemes which have yet to be considered by the Strategic Policy and Resources Committee. The Director of Property and Projects has progressed these schemes through the "starting gate" element of the "gates process". This means that the outline business

case for each scheme is challenged in terms of business need and how it will contribute to meeting the priorities of the organisation.

The gates process, however, only prioritises individual schemes and does not take into account the issue of affordability. In essence, the Council will not be able to afford to do all these schemes which get through the first stages of gates process and therefore the Council needs to develop ways to prioritise schemes in the context of affordability. It is therefore recommended that, on the return of the Director of Property and Projects, party group briefings are held to discuss the development of a prioritisation framework for future capital schemes.

### **(iii) Time Bound Grant Funded Schemes**

Within the list of new capital scheme proposals, there are four schemes which are dependent on grant funding which must be accessed before the end of March 2010 otherwise the funding opportunities will be lost. These Schemes have already passed the “starting gate” part of the “gates process” and permission is now sought to progress the schemes immediately to tender and implementation stage so that the grant funding can be accessed. The council contribution to these schemes for 2010/11 would be financed through the £1m (yields £10m of borrowing) which the Strategic Policy and Resources Committee agreed to hold in reserve for new capital schemes as part of the 2010/11 rate setting process.

These schemes are:

#### **(a) Woodvale and Dunville Parks**

In October 2009 the Parks and Leisure Committee agreed to commend proposals for Woodvale and Dunville Parks to advance to the “committed” section of the capital programme. These two parks were selected for re-development as part of the parks improvement agenda in conjunction with the Belfast Regeneration Office neighbourhood renewal work. The re-development of both parks will cost £4m in total with the Belfast Regeneration Office and the council providing funding of £2m each. The availability of funding from the Belfast Regeneration Office is time bound with the work needing to be completed by March 2011.

#### **(b) Alleygates**

The Health and Environmental Services Committee agreed in June 2009 to request the Strategic Policy and Resources Committee to include a £500,000 proposal for phase II of the alleygating project and develop an economic appraisal for match funding from the Belfast Regeneration Office and the Northern Ireland Office.

#### **(c) Duncrue Industrial Estate – Waste Heat Utilisation**

This is an invest to save project which will be included in the council’s efficiency programme. Currently, the heat created by the landfill gas generators is lost to the atmosphere. With some initial capital investment this heat can be captured, and then used to provide heat to nearby locations such as the Duncrue Complex. This scheme will save the council £50,000 a year in utility costs as well as reducing carbon emissions.

The initial cost of the scheme is £260,000 but grant funding amounting to £25,000 from the NIE SMART scheme has already been secured and additional sources of finance are also being investigated.

### **Resource Implications**

The repayment of the loans detailed Appendix 1 of this report has already been

accounted for the in capital financing requirements of the agreed 2010/11 budget.

The council contribution to the four schemes outlined in section (iii) of this report for 2010/11 will be financed through the £1m (yields £10m of borrowing) which the Strategic Policy and Resources Committee agreed to hold in reserve for new capital schemes as part of the 2010/11 rate setting process.

### **Recommendations**

Members are requested to agree to the following:

- (1) Applications being made to the Department of Environment for the raising of loan sanctions for the schemes outlined in Appendix 1 of this report;
- (2) Party group briefings being held to discuss the development of a prioritisation framework for future capital schemes;
- (3) Advance the four capital schemes detailed in section (iii) of this report to tender and implementation stage and to make application to the Department of Environment for the raising of loan sanctions for these schemes.

### **Decision Tracking**

### **Documents Attached**

Appendix 1 - List of the schemes.