

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - RESOURCES
23 JANUARY 2013

EXECUTIVE
5 FEBRUARY 2013

CAPITAL PROGRAMME (2013/14 – 2015/16)

1. PURPOSE OF THE REPORT

- 1.1 To approve the General Fund and Housing Revenue Account Capital Programmes for 2013/14 along with schemes identified for the following two years.

2. BACKGROUND

- 2.1 In accordance with the Prudential Code for Capital Finance in Local Authorities, the Council is required to prepare three-year capital expenditure plans and consider the affordability of its capital investment during all the years in which it will have a financial impact on the authority.
- 2.2 The key objectives of the Prudential Code are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable and in considering its programme for capital investment, the Council is therefore required to have regard to:
- Affordability, e.g. implications for Council Tax and rent levels
 - Prudence and sustainability, e.g. implications for external borrowing
 - Value for money, e.g. option appraisal
 - Stewardship of assets, e.g. asset management planning
 - Service objectives, e.g. strategic planning for the authority
 - Practicality, e.g. achievability of the forward plans

3. AVAILABLE CAPITAL RESOURCES

- 3.1 In considering the affordability of the Council's capital plans, the authority is required to consider all of the resources currently available to it and estimated resources for the future.
- 3.2 Together with money from the Council's own capital receipts and capital reserves, the annual capital programme is financed from; Government grants, Section 106 monies, partnership funding and other external grants and contributions. If necessary, the Council may borrow to supplement these funds.
- 3.3 Under the prudential capital finance system, individual authorities are responsible for deciding the level of their affordable borrowing. The system is designed to encourage authorities that need, and can afford, to borrow for capital investment to do so.
- 3.4 The Council must ensure that any borrowing decisions remain affordable and to this end, has to adopt a number of prudential indicators, which are set out in the Prudential Code for Capital Finance in Local Authorities, developed by CIPFA. A report to the Executive setting out the Council's Prudential Indicators will be presented at the February meeting along with the overall budget.

3.5 *General Fund Available Resources*

Based upon the assumption that broadly 70% of the Capital Programme will be spent in the financial year it is approved, the Council will have to continue to use borrowing for capital purposes. Appendix 1 sets out the use of the resources available in respect of the General Fund.

3.6 A borrowing requirement of £9.507 million has been identified over the next four financial years, which will have an ongoing impact on the Council Tax. The current revenue cost of borrowing is between £45,000 and £55,000 for each £1 million that is borrowed. This represents between £5,000 and £15,000 in interest payments and £40,000 set aside for the repayment of the debt. The affordability of the General Fund capital programme is ultimately decided by the incremental impact of capital investment decisions on the Council Tax.

3.7 *Housing Revenue Account Available Resources*

The capital programme for 2013/14 will be funded from the Major Repairs Reserve, Revenue Contributions and any external contributions and capital receipts generated in the period. Appendix 2 sets out the use of the resources available in respect of the HRA.

4. **GENERAL FUND CAPITAL PROGRAMME**

4.1 The proposed capital programme is set out in Appendix 3. The table below sets out the total of new capital bids included within the three-year capital expenditure plans for Executive to consider for approval:

Status	2013/14 £	2014/15 £	2015/16 £	Future Years £
Pre-approved schemes	744,830	601,000	551,000	551,000
New bids	2,449,000	4,420,000	700,000	650,000
Total General Fund Capital Programme	3,193,830	5,021,000	1,251,000	1,201,000

4.2 The capital programme has been set out in line with the new Council Purposes, in order to demonstrate how the Council's capital priorities help to contribute towards their achievement. Although a number of schemes contribute to the achievement of more than one vision theme, they have been placed under the theme to which it is considered the scheme contributes the most.

4.3 Details of the new capital bids are set out below, in order to provide an indication of how the Council seeks to further its capital investment.

4.3.1 *Help Me Find Somewhere Suitable to Live*

Budget provision is sought to continue the Warm Up Exeter / PLEA scheme.

4.3.2 *Provide Great Things for Me to See, Do and Visit*

Funding is requested to improve the appearance, play value and usability of a number of children's play areas and to extend the useful life of each site.

Funding is requested to replace Plant and Equipment at leisure facilities across the City, as stipulated in the leisure services contract.

Budget provision is also sought to replace the running track and associated field event runways at Exeter Arena with a superior impermeable surface.

4.3.3 *Improve the Environment and my Neighbourhood*

It is proposed that funding be made available to purchase an area of land to the north of the City.

Funding is requested towards a Northbrook flood alleviation scheme and also a contribution of £3 million towards major flood prevention works for the City.

4.3.4 *Maintain the Assets of our City*

It is proposed that funding be made available to fix or at least greatly reduce the flow of water passing under the structure from the canal into the river Exe.

Funding is also sought to replace the windows in Verney House and to recover and insulate the roof of the Guildhall preventing leaks and improving the energy efficiency of the building.

4.3.5 *Other*

The proposed programme for the next financial year includes provision to continue with the programmes to replace and upgrade the Council's PC's and enhance and upgrade the corporate network infrastructure, and to increase server and storage capacity to meet the current and predicted demand.

Budget provision is also sought to implement a number of invest to save opportunities and to allow for the continuation of the Council's vehicle replacement programme to ensure that a safe and reliable fleet is maintained. Further investment is requested to replace 62 Pay & Display machine in the car parks to improve reliability and meet Disability Discrimination Act (DDA) requirements.

5. HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

5.1 For 2013/14, the medium term financial plan provides for a capital programme of £9,090,030. A copy of the HRA Capital Programme is attached at Appendix 4.

5.2 The HRA Capital Programme will be funded by:

- Major Repairs Reserve £4.053m
- Revenue Contributions to Capital £5.037m

5.3 These resources will be utilised to improve Council dwellings so that they meet not only the Government's Decent Homes Standard but also the higher Exeter Standard, which the Council has agreed with its tenants.

6. RECOMMENDATIONS

6.1 It is recommended that the Scrutiny Committee – Resources supports and the Executive approves:

- The General Fund capital programme for 2013/14 as set out in Appendix 3
- The HRA capital programme for 2013/14 as set out in Appendix 4

ASSISTANT DIRECTOR FINANCE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:

None