

REPORT TO **CORPORATE SERVICES SCRUTINY COMMITTEE,
EXECUTIVE AND COUNCIL**
Date of Meeting: **Corporate Services Scrutiny Committee - 25 January 2018
Executive - 13 February 2018
Council - 20 February 2018**
Report of: **Chief Finance Officer**
Title: **Capital Programme (2018/19 - 2020/21)**

Is this a Key Decision?

Yes

Is this an Executive or Council Function?

Council

1. What is the report about?

To approve the General Fund and Housing Revenue Account Capital Programmes for 2018/19 along with schemes identified for the following two years

2. Recommendations:

It is recommended that Corporate Services Scrutiny Committee supports and the Executive recommends to Council to approve:

- i. The General Fund capital programme for 2018/19 as set out in Appendix 3
- ii. The HRA capital programme for 2018/19 as set out in Appendix 4

3. Reasons for the recommendation:

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.

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

4. What are the resource implications including non financial resources

The financial resources required are set out in the body of this report.

5. Section 151 Officer comments:

This report has been prepared on behalf of the Section 151 Officer to set out the Capital Programme for 2018/19 along with schemes identified for the following two years.

6. What are the legal aspects?

The capital expenditure system is framed by the Local Government and Housing Act 1989.

7. Monitoring Officer's comments:

The content of this report raised no issues for the Monitoring Officer.

8. Report Details:

CAPITAL PROGRAMME (2018/19 – 2020/21)

8.1 AVAILABLE CAPITAL RESOURCES

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.

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.

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.

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 separate report setting out the Council's Prudential Indicators is also presented to this Committee.

8.2 General Fund Available Resources

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.

A borrowing requirement of £16.945 million has been identified over the next four financial years, which will have an ongoing impact on the Council Tax. The approximate current annual revenue cost of borrowing £1 million is:

Type of Borrowing	Interest £	Money Set Aside for Repayment of Debt £	Total Annual Payment £
Short term	6,500	40,000	46,500
Long term (>25 years)	26,500	40,000	66,500

The affordability of the General Fund capital programme is ultimately decided by the incremental impact of capital investment decisions on the Council Tax.

8.3 Housing Revenue Account Available Resources

The capital programme for 2018/19 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.

9. GENERAL FUND CAPITAL PROGRAMME

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

Status	2018/19 £	2019/20 £	2020/21 £	Future Years £
New Bids	1,466,700	913,000	324,000	164,000
Pre-Approved Schemes	23,583,510	14,315,390	1,003,900	1,003,900
Total General Fund Capital Programme	25,050,510	15,228,390	1,327,900	1,167,900

The capital programme has been set out in line with the 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.

10. HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

For 2018/19, the HRA medium term financial plan provides for a capital programme of £18.177 million. This comprises capital investment of £12.487 million for improvements to the Council's existing housing stock and £5.690 million towards the provision of new council homes.

In terms of investment in existing stock the proposed budgets for 2018/19 include the following:

- 132 kitchen replacements
- 148 bathroom replacements
- Refurbishment of 17 LAINGS properties
- 400 boiler replacements
- Year 1 of storage facility improvements in accordance with the Fire Safety Management Policy
- 6 properties to have low carbon building retrofit as part of a Zero Energy Buildings project
- 236 properties to have window replacement
- Re-roofing to 50 houses and planned works to roofs of blocks of flats

A copy of the HRA Capital Programme is attached at Appendix 4.

The HRA Capital Programme will be funded by:

HRA Capital Finance	£
Major Repairs Reserve	7,830,670
Revenue Contribution to Capital	7,196,550
Capital Receipts	1,000,000
Commutated sums	10,000
Department of Health grant for St Loyes Extra Care Scheme	1,490,000
External contributions	650,000
Total HRA Capital Financing 2018/19	18,177,220

- 11. How does the decision contribute to the Council's Corporate Plan?**
The Capital Programme contributes to all of the key purposes, as set out in the Corporate Plan.
- 12. What risks are there and how can they be reduced?**
Areas of budgetary risk are highlighted to committee as part of the quarterly budget monitoring updates.
- 13. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**
No impact
- 14. Are there any other options?**
No

DAVE HODGSON
Chief Finance Officer

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:

None

Contact for enquiries:
Democratic Services (Committees)
Room 2.3
(01392) 265275