

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 22 JANUARY 2014

EXECUTIVE
4 FEBRUARY 2014

CAPITAL PROGRAMME (2014/15 – 2016/17)

1. PURPOSE OF THE REPORT

- 1.1 To approve the General Fund and Housing Revenue Account Capital Programmes for 2014/15 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 £16.505 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 £	Repayment £	Total Annual Payment £
Short term	6,500	40,000	46,500
Long term (>25 years)	45,700	40,000	85,700

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 2014/15 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 detailed 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	2014/15 £	2015/16 £	2016/17 £	Future Years £
New Bids	1,788,250	1,895,000	764,000	0
Pre-Approved Schemes	6,352,850	2,016,340	1,257,430	649,290
Total General Fund Capital Programme	8,141,100	3,911,340	2,021,430	649,290

- 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.

5. HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

- 5.1 For 2014/15, the HRA medium term financial plan provides for a capital programme of £11,994,981. This comprises capital investment of £8.6 million for improvements to the

Council's existing housing stock in order to help maintain the Decent Home Standard and also £3.3 million towards the provision of new council homes, as part of COB Wave 2. 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 | £3.816m |
| • Revenue Contributions to Capital | £6.195m |
| • Right to Buy Receipts | £1.984m |

6. RECOMMENDATIONS

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

- The General Fund capital programme for 2014/15 as set out in Appendix 3
- The HRA capital programme for 2014/15 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