

Capital Programme

Full Council 15th February 2007

Committee:	Full Council	Agenda Item
Date:	15th February 2007	10
Title:	Capital Programme 2006/07 to 2009/10	
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	01799 510670	decision

Summary

1. This report presents the Capital Programme for 2006/07 to 2009/10. Following the cancellation of the Operations Committee on 8th February due to bad weather conditions this report is brought direct to the Full Council. It includes all schemes put forward by policy committees in this committee cycle and proposes an approach to overall financing of the programme.

Recommendations

- That subject to any changes that the Council determines, the Capital Programme and associated financing proposals as contained in Appendix 1 be approved.
- That the Council approves powers to undertake Prudential Borrowing with effect from 2008/09, and notes the associated revenue implications.

Background Papers

Capital budgeting, budget monitoring and financial system records held by Financial Services.

Impact

Communication/Consultation	None.
Community Safety	None.
Equalities	None.
Finance	This report concerns the Council's overall Capital Programme.
Human Rights	None.
Legal implications	The Council's Capital Programme reflects the statutory requirement to spend on some schemes.
Ward-specific impacts	None.
Workforce/Workplace	None.

Capital Programme

Full Council 15th February 2007

Situation

- 2 The Council has been debt-free since 1996, meaning that it has not been obliged to rely on external borrowing to fund its capital programmes. This has been due to a continuing flow of capital receipts from right to buy sales of HRA dwellings and any other assets sold. This flow has however been reduced by a drop in sales from 2001-2004 of 189 sales, generating £18m of receipts, to an estimated 24 sales from 2005-2008 generating only £2.9m. The Council also lost over £700,000 via the government's national pooling arrangement for capital receipts.
- 3 In September 2005 the former Resources Committee agreed that the Council should retain its debt free status until at least 31st March 2007 so as to benefit from the temporary relaxation of full capital receipt pooling for debt-free councils.
- 4 The Council has remained debt free during 2006/07 and it is currently anticipated this will also be the case during 2007/08.
- 5 The proposed capital programme, as set out in Appendix 1, can be financed from a combination of Government grants, Council reserves and capital receipts up until the end of 2007/08.
- 6 From 2008/09, however, it is anticipated the Council will need to take up some long-term borrowing to finance the programme of capital schemes currently proposed together with any further schemes approved for 2008/09 and 2009/10.
- 7 Currently it is anticipated that the Council will need to borrow up to £2 million during 2008/09 which will incur interest costs across the General Fund and HRA of approximately £90,000 per annum. This would fund the balance of the Council's estimated capital requirements for 2008/09 to 2009/10 as it currently stands. In addition, the General Fund is required by legislation to incur a minimum revenue provision (MRP) which is calculated as a percentage of the Council's Capital Financing Requirement. This would equate to £80,000 per annum to the General Fund on £2 million of long term borrowing.
- 8 The impact of these borrowing requirements is factored into the Council's Prudential Indicators considered under item 12 of this agenda.
- 9 Since the Environment Committee considered its capital schemes it has been confirmed that the Dunmow Eastern Sector infrastructure works will go ahead during 2007/08. The full use of the associated capital and S106 reserves have therefore been shown in that Committee's programme and the overall financing of the whole Capital Programme.

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Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Failure to identify capital spending pressures and costs accurately	Low	Medium	Continual review of the Council's capital spending requirements and the associated financing.