

Capital Programme 2007/08 to 2010/11
Finance and Administration Committee

Committee: Finance and Administration Committee
Date: 7th February 2008
Title: Capital Programme 2007/08 to 2010/11
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Agenda Item

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Item for
decision

Summary

1. This report presents the Capital Programme for 2007/08 to 2010/11 to be recommended for approval to the Council on 19th February 2008. It includes all schemes put forward by policy committees in this committee cycle and proposes an approach to overall financing of the programme. (Appendix 1)
2. As requested by the Finance and Administration Committee on the 31st January 2008 officers have revisited the proposed capital programme and have put together an amended programme. This revised programme would minimise the pressure on the Council's capital reserves. (Appendix 2)

Recommendations

- That subject to any changes that the Committee determines, the Capital Programme and associated financing proposals as contained in either Appendix 1 or Appendix 2 be recommended to the Council for formal approval on 19th February 2008.
- That officers should investigate the generation of additional capital receipts through the promotion of 'Right to Buy' sales and the sale of surplus General Fund & HRA assets.

Background Papers

Capital budgeting, budget monitoring and financial system records held by the Finance and Asset Strategy Service.

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	A reduced capital programme may have an impact on work plans and consequently staff recruitment/retention needs

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Situation

Capital Programme as proposed in Appendix 1

- 2 Appendix 1 includes all schemes put forward by policy committees in this committee cycle.
- 3 This capital programme could be financed from a combination of Government grants, Council reserves and capital receipts up until the end of 2008/09. From 2009/10, 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 2009/10 and 2010/11.
- 4 Currently it is anticipated that the Council will need to borrow up to £2 million during 2009/10 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 2009/10 to 2010/11 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.

Capital Programme as proposed in Appendix 2

- 5 The capital programme proposed in appendix 2 has been re-profiled / reduced to minimise the pressure on the Council's capital reserves.
- 6 This capital programme could be financed from a combination of Government grants, Council reserves and capital receipts up until the end of 2010/11 and would not require the Council to take up any long-term borrowing.
- 7 The implication of this amended capital programme are as follows:-
 - The 2 schemes for the replacement of the maintenance depot's have been removed from the proposed programme.
 - 21 capital schemes have been delayed by a year or re-profiled across several years (highlighted in yellow on Appendix 2) which will have revenue maintenance implications for the Council.
 - Capital spend on the HRA has been limited to have no impact on the capital receipt. This £400,000 year on year reduction in the HRA capital spend may result in the housing stock dropping below the decent homes standard (which we do not have to be compliant with until 2011). This also assume that any capital allowances generated would be held back to support the pressure on the capital reserves.
 - The reduction in the capital programme (General Fund £400,000 reduction and HRA capital £375,000 reduction) scheduled for 2008/09 will have around a £95,000 impact on the HRA supervision credit. This will put further pressure on the revenue HRA account in 2008/09.

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- There is no allowance within this proposal for new capital schemes within 2008/09, 2009/10 and 2010/11.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Failure to identify capital spending pressures and costs accurately	1	2	Continual review of the Council's capital spending requirements and the associated financing.