

**CAPITAL PROGRAMME 2015/16**1. Summary of Proposals

The following table sets out the 2015/16 capital submissions considered by each spending committee and shows the proposed methods of financing.

<u>Submissions 2015/16</u>	<u>£</u>
Housing Revenue Account (HRA)	3,830,040
Policy, Finance and Development	258,000
Service Delivery	7,153,330
	<u>11,241,370</u>
 <u>Financing 2015/16</u>	 <u>£</u>
Unsupported Borrowing (paragraph 2.1)	7,129,810
Major Repairs Reserve (paragraph 2.2)	1,185,000
Government Grants (paragraph 2.3)	143,000
Capital Receipts (paragraph 2.4)	18,500
Earmarked Reserves (paragraph 2.5)	833,200
Revenue Contribution	1,871,040
Waste Bid Grant	60,820
	<u>11,241,370</u>

The capital submissions have been prioritised against Capital Programme Assessment Criteria.

2. Capital Controls and Resources2.1 Prudential Guidelines

The principle behind the Prudential Guidelines is that local authorities are free to borrow what they need to finance the capital programme so long as it is within the limits expressed by certain indicators and that the revenue effect of the cost of borrowing is affordable in future years. Some of this borrowing may be “supported” in that allowance is made for the revenue implications within the Revenue Support Grant (RSG).

There is no support for borrowing within the 2015/16 RSG settlement. Consequently, the total borrowing required to finance the 2015/16 capital programme is unsupported but considered affordable.

## 2.2 Major Repairs Reserve

Under the Housing self-financing arrangements contributions to the Major Repairs Reserve now have to come directly from the revenue income collected within the Housing Revenue Account (HRA) that the Council will now be able to retain. It is estimated that the Major Repairs Reserve will be fully utilised in 2014/15 leaving the balance at 31 March 2015 as zero. The HRA Business Plan allows for the level of contribution to the Major Repairs Reserve required in order that housing stock can be maintained according to the capital programme.

## 2.3 Other Capital Grants and Contributions

In 2015/16 resources from capital grants included a contribution of £143,000 towards the cost of Disabled Facilities Grants.

## 2.4 Capital Receipts

The proportion of capital receipts that may be used to finance capital expenditure in 2015/16 is generally as follows:

Housing	25%	(Based on RTB numbers included in DCLG Business Plan)
Other Services	100%	

Additionally, once HM Treasury and the Council have taken their appropriate share of the sale proceeds any amount left over can be retained by the Council to use to fund replacement affordable housing. The increase in Right to Buy (RTB) discounts appear to be increasing enquiries and ultimately sales.

It is forecast that the Council will receive around £63,000 of receipts from RTB which they will be required to spend on new housing by September 2017. Under the "1-4-1" replacement housing agreement between the Council and the Government these receipts can only fund up to 30% of the cost of this housing. Therefore, a further £147,000 will need to be found either from the Council's own funds or through an outside partner. A further report will be brought to a future meeting of the Policy, Finance and Development Committee to discuss how Members wish to proceed. In the 2015/16 Capital Programme the Council has allocated £300,000 from its Regeneration Reserve to investigate new housing initiatives.

The capital programme assumes usage of £18,500 of capital receipts for 2015/16.

## 2.5 Balances and Movements on Capital Reserves

Full details of the balances and movements on the capital reserves can be found at Appendix 4.