

Review of the Corporate Capital Programme 2014/15 and Report Capital Prudential Indicators for 2014/15

Summary

**To report on the capital outturn for 2014/15 and to approve any carry forward of budgets into the 2014/15 Capital Programme and
To report on the actual performance against the 2014/15 capital prudential indicators.**

Portfolio - Finance

Date signed off :13 July 2015

Wards affected	N/A
-----------------------	-----

Recommendation

The Executive is advised to RECOMMEND to COUNCIL that

- (i) the carry forward budget provision of £11.147 million from 2014/15 into 2015/16 be approved;**
- (ii) the revised 2015/16 Capital Programme of £21.272 million be noted; and**
- (iii) the final capital prudential indicators for 2014/15 be noted.**

1. Resource Implications

- 1.1 The Prudential Code for Capital Finance in Local Authorities requires that actual capital expenditure during the year is reported to members. For 2014/15 this was £3.371 million.
- 1.2 The budget impact of these schemes was considered and approved when the schemes were incorporated into the capital programme.
- 1.3 If the recommendation is approved the loss of investment interest on the £11.147 carry forward sum at current rates would be £223,780 per annum. However £10m is funded by grants and borrowing so the actual loss of interest is approximately £23,000.
- 1.4 The Capital Reserves available for capital expenditure amounted to £808k at 31st March 2015. An additional £9.3 m is held in the revenue capital fund which could be used to support capital expenditure as well as supporting revenue expenditure in the future. Some of the expenditure is also funded by grant and external contributions.
- 1.5 The Council will borrow to acquire assets to assist with economic development and regeneration provided that the assets generate a

return adequate to service the loan and any Minimum Revenue Payment.

2. Key Issues

- 2.1 The schemes detailed in Annex 'A' reflect a number of larger projects agreed by the Council throughout the year.
- 2.2 The Council in accordance with the Prudential Code is required to report it's performance against the actual capital prudential indicators for 2014/15 (set in February 2014) and these are detailed in Annex 'C'.

3. Options

- 3.1 The Executive, where no contractual commitments are identified, has the option of agreeing all of these carry forwards, amending them or rejecting them.

4. Proposals

- 4.1 It is proposed that Executive RECOMMENDS to COUNCIL that
 - (i) the carry forward budget provision of £11.147 million from 2014/15 into 2015/16 be approved ;
 - (ii) the revised 2015/16 Capital Programme of £21.272 million be noted ;
 - (iii) the final capital prudential indicators for 2014/15 be noted.
- 4.2 It is proposed that the 2015/16 Corporate Capital Programme is revised by £21.272m to take account of prior year carry forward budgetary provision.
- 4.3 The Executive is asked to note the performance against the actual 2014/15 capital prudential indicators and comment as necessary.

5. Corporate Objectives and Key Priorities

- 5.1 Corporate Objective – Providing services better, faster and cheaper.

Annexes	Annex A – Monitoring statement. Annex B – Background notes on carried forward capital schemes Annex C - Capital Prudential Indicators.
Background papers	None
Author/contact details	Sheena.Adrian 01276 707269 Email : Sheena.Adrian@surreyheath.gov.uk
Head of service	Kelvin Menon – Executive Head of Finance

CONSULTATIONS, IMPLICATIONS AND ISSUES ADDRESSED

	Required	Consulted	
Resources			
Revenue	✓	✓	
Capital	✓	✓	
Human Resources	n/a		
Asset Management	n/a		
IT	n/a		
Other Issues			
Corporate Objectives & Key Priorities	✓	✓	
Policy Framework	n/a		
Legal	<u>n/a</u>		
Governance	<u>n/a</u>		
Sustainability	<u>n/a</u>		
Risk Management	<u>n/a</u>		
Equalities Impact Assessment	<u>n/a</u>		
Community Safety	<u>n/a</u>		
Human Rights	<u>n/a</u>		
Consultation	<u>n/a</u>		
P R & Marketing	<u>n/a</u>		

Annex A

CAPITAL OUTTURN 2014/15 AND CAPITAL ESTIMATES 2015/16

	Total 2014/15 Programme	Expenditure in 2014/15	Over/under spend in year	Budget Remaining	C/Fwd 15/16 Budgets	Approved Budget 2015/16	Revised Approved Budget 2015/16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Finance							
Investment Property Acquisition	9,793	848	8,945	8,945	8,945	9,500	18,445
Sub Total	9,793	848	8,945	8,945	8,945	9,500	18,445
Transformation							
Property Planned Maintenance	200	200	0	0			
Doman Rd Depot Improvements	134	160	-26	0			
Pembroke House	338	0	338	338	338	0	338
Civica Financial System	71	23	48	48	48	0	48
Othe IT Equipment	18	18	0	0			0
Sub Total	761	400	360	386	386	0	386
Business							
Carp Park upgrades and equipment	554	498	56	56	56		56
A/C System for Theatre and IT			0	0		75	75
PIC Monies	135	4	132	132	132		132
Uplands Road Playground	40	40	0	0			0
Camberley Park & Obelisk	64	5	59	59	59		59
Clearsprings	4	4	0	0	0		0
Wellington Park	25	5	20	20	20		20
Frimley Lodge Park	40	40	0	0			0
Lightwater CP Visitor Centre	70	0	70	70	70	0	70
Deanside Diamond Ridge Woods Picnic Area	35	0	35	35	35	0	35
Crabtree Park	26	26	-0	-0			0
Southcote Play Area	38	0	38	38	0	0	0
Theatre Projector	33	35	-2	0			0
Frimley Lodge Park Artificial Grass Pitch	620	612	8	8			0
Sub Total	1,684	1,269	416	417	372	75	447
Community							
Disabled Grants	500	615	-115	0		500	500
Renovation Grants	25	18	7	7		25	25
Windle Valley Day Centre	105	105	0	0	0	0	0
Sub Total	630	738	-108	7	0	525	525
Corporate							
Telephone system						25	25
Public Web Portal	60	9	51	51	51	0	51
Sub Total	60	9	51	51	51	25	76
Regulatory							
Acquisition SANGS Land	1,500	106	1,394	1,394	1,394	0	1,394
Sub Total	1,500	106	1,394	1,394	1,394	0	1,394
GRAND TOTAL OF ALL SCHEMES	14,428	3,371	11,057	11,200	11,147	10,125	21,272

Background notes on carry forward Capital Schemes

Capital Scheme	Purpose	Reason for carry forward
Investment Property Acquisition	To acquire property in accordance with the property acquisition strategy	Contracts exchanged prior to year end to be completed in 2015/16
Pembroke House	To pay for redevelopment of Pembroke House	Revised scheme to be brought forward in 2015/16
Civica Financial System	New financial system	Additional modules to be installed in 2015/16
Main Square - Refurbishments	To improve lifts and stairs	Final lift works to be completed
Planning Infrastructure contributions capital schemes	Upgrading play equipment and community facilities	Works to be commenced in year depending on receipt of additional PIC funds
Camberley Park	Renovation of obelisk	Linked to a wider LEKR scheme
Wellington Park	Playground improvements	To be completed in 2015/16
Lightwater visitors centre	Café and education centre	To be tendered in 2015/16
Deanside Diamond ridge	Tree works and picnic area	To be completed in 2015/16
Burial Land	Burial Land	In discussions with church
Windle Valley day Centre	Works for Dementia centre	Completed in Spring 2016

PRUDENTIAL INDICATORS - CAPITAL ACTUALS 2014/15

Financing and Capital Prudential Indicators

	2013/14 Actual	2014/15 Original Estimate	2014/15 Actual	
Capital Expenditure	£1.473 m	£14.428 m	£3.371 m	
Capital Financing Requirement as at 31 st March	Nil	1.315m	1.6m	The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a measure of the Council's debt position. The Council has spent or committed any residual capital receipts and will have to fund part of this year's programme and any future schemes by internal or external borrowing.
Ratio of Financing Costs to Net Revenue Stream	-2.04%	-1.63%	-2.07%	This is an indicator of affordability and is the ratio of the Council's General Fund capital financing costs to its net revenue budget in percentage terms. The Council's ratio is negative as investment income supports the revenue budget. Any reduction in the ratio indicates a lower level of support to the General Fund from investment income
Impact of Capital Investment Decisions on Council Tax (Band D)	£0.15p	£0.48	£0.52	This indicator sets out the estimated impact on Council Tax at band D of the loss of investment interest as a consequence of funding the capital programme from capital receipts