

Review of the Corporate Capital Programme 2019/20 and Report Capital Prudential Indicators for 2019/20

Summary

To report on the capital outturn for 2019/20 and to approve any carry forward of budgets into the 2020/21 Capital Programme and report on the actual performance against the 2019/20 capital prudential indicators.

Portfolio - Finance (Cllr David Lewis)

Date signed off : 7 July 2020

Wards affected

N/A

RECOMMENDATION

The Executive is advised to RECOMMEND to COUNCIL that

- (i) actual capital expenditure for 2019/20 of £7.895m against a budget of £40.328m be noted;**
- (ii) the carry forward budget provision of £32.406 million from 2019/20 into 2020/21 be approved;**
- (iii) revised 2020/21 Capital Programme of £33.885 million be noted;**
- (iv) the final capital prudential indicators for 2019/20 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 2019/20 this was £7.895m.
- 1.2 The budget impact of these schemes was considered and approved when the schemes were incorporated into the capital programme. The total value of schemes is included in the capital budget which by their very nature can be delivered over multiple years, hence the requirement to carry forward.
- 1.3 If the recommendation is approved the loss of investment interest on the £32.406m carry forward sum at current rates would be £324k per annum.
- 1.4 The Capital Reserves available for capital expenditure amounted to £4 million at 31st March 2020. An additional £11 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 and annex B sets out the reasons for the carry forwards.
- 2.2 The Council in accordance with the Prudential Code is required to report its performance against the actual capital prudential indicators for 2019/20 (set in February 2019) and these are detailed in Annex 'C'.
- 2.3 A number of capital projects that have being added to the capital programme and which are requested to be carried over, are projects that are intended to be carried out over a number of years, rather than just one single year. Eg Building of the new Arena, London Road block and Property Acquisition strategy.

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) Actual capital expenditure for 2019/20 of £7.895m against a budget of £40.328m be noted approx. 20% of the budget be noted;
 - (ii) the carry forward budget provision of £ 32.406 million from 2019/20 into 2020/21 be approved;
 - (iii) the revised 2020/21 Capital Programme of £33.885 million be noted;
 - (iv) the final capital prudential indicators for 2019/20 be noted.

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	Adrian Flynn – Chief Accountant
Head of service	Simon Little – Executive Head of Finance

	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	n/a		
Governance	n/a		
Sustainability	n/a		
Risk Management	n/a		
Equalities Impact Assessment	n/a		
Community Safety	n/a		
Human Rights	n/a		
Consultation	n/a		
P R & Marketing	n/a		

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	Council is seeking to acquire further property in 2020/21
Bulking Shed	Improved storage facilities at the Doman Road depot.	Project due to commence in 2020/21
128 London Road	To provide Temporary Homelessness accommodation	Purchase of property to be completed in 2020/21
Arena	Construction of a new leisure centre	Project to continue in 2020/21
London Road block	To redevelopment and regenerate the London Road area of Camberley town centre.	Project to continue in 2020/21
High Street Public realm	Refurbishment and improvements to Camberley High Street.	Project to continue in 2020/21
Refurbishment of the Square (Phase 2)	Refurbishment of the Square shopping centre	Project was delayed and it is hoped to commence later in 2020/21
Camberley Theatre Frontage & lighting upgrade	Upgrade of the lighting system and the Theatre frontage (canopy) has reached the end of its useful life.	Project to continue in 2020/21.
Parks and open spaces	Upgrade of play areas and park improvements.	Projects to continue in 2020/21

PRUDENTIAL INDICATORS - CAPITAL ACTUALS 2019/20

CIPFA's Prudential Code for Capital Finance requires local authorities to prepare Prudential Indicators of their intended capital spending plans for the forthcoming and future years. The indicators are intended to help the decision making process within an authority and must be approved by the full Council before the beginning of the financial year. The indicators are neither comparative statistics nor performance indicators. Different Council's will have different figures reflecting their history and local circumstances.

Financing and Capital Prudential Indicators

	2018/19 Actual	2019/20 Original Budget	2019/20 Actual	
Capital Expenditure	£52.132m	£38.4m	£7.895m	The Council acquired additional investment property over the year which was not envisaged when the original program was set.
Capital Financing Requirement as at 31 st March	£190m	£225m	£186m	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.
Ratio of Financing Costs to Net Revenue Stream	6.58%	23.2%	31.13%	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.
Operational Boundary	£185m	£245m	£245m	The operational boundary is based on the Authority's estimate of most likely (i.e. prudent but not worst case) scenario for external debt
Authorised Limit	£190m	£250m	£250m	The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe