

Review of the Corporate Capital Programme 2020/21 and Report Capital Prudential Indicators for 2020/21

Summary

To report on the capital outturn for 2020/21 and to approve any carry forward of budgets and additional expenditure into the 2021/22 Capital Programme and report on the actual performance against the 2020/21 capital prudential indicators.

Portfolio - Finance

Date signed off: 6 July 2021

Wards affected

N/A

Recommendation

The Executive is advised to RESOLVE that the additional funds for the cost of the repair and improvements of for the Camberley Theatre frontage of up to approximately £75,000, in addition to the £125,000 already allocated be agreed, to be recovered over the next seven years by continuing to charge the restoration levy of £1 per ticket as agreed in November 2019.

The Executive is advised to RECOMMEND to COUNCIL that

- (i) Actual capital expenditure for 2020/21 of £24.162m against a budget of £35.711m be noted;
- (ii) The carry forward budget provision of £10.034 million from 20/21 into 2021/22 be approved;
- (iii) the revised 2021/22 Capital Programme of £11.275 million comprising the £1.241m agreed in February 2021 plus £10.034m carry forwards, be noted;
- (iv) The final capital prudential indicators for 2020/21 be noted; and
- (v) An additional £75k to be added to the 2021/22 capital programme for the Theatre frontage project be approved.

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 2020/21 this was £24.162 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 £10.034m carry forward sum at current rates would be £100k per annum.
- 1.4 The Capital Reserves available for capital expenditure amounted to £3 million at 31st March 2021. An additional £10 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 2020/21 (set in February 2020) 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. E.g., Building of the new Arena, London Road block and Property Acquisition strategy.
- 2.4 An additional £75k worth of expenditure be added to the 21/22 capital programme in relation to the Theatre Frontage project, please see Annex D for further information.

3. Options

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

4. Proposals

- 4.1 It is proposed that the Executive RESOLVES that the additional funds for the cost of the repair and improvements of for the Camberley Theatre frontage of up to approximately £75,000, in addition to the £125,000 already allocated be agreed, to be recovered over the next seven years by continuing to charge the restoration levy of £1 per ticket as agreed in November 2019.

4.1 It is proposed that Executive RECOMMENDS to COUNCIL that

- (i) Actual capital expenditure for 2020/21 of £24.162m against a budget of £35.711m be noted approx. 67.66% of the budget be noted;
- (ii) The carry forward budget provision of £10.034 million from 2020/21 into 2021/22 be approved;
- (iii) The revised 2021/22 Capital Programme of £11.275 million be noted; (£1.241m 21/22 Original capital programme agreed at Feb 21 Council meeting plus £10.034m carry forwards);
- (iv) The final capital prudential indicators for 2020/21 be noted;
- (v) An additional £75k to be added to the 21/22 capital programme for the Theatre frontage project be approved.

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. Annex D – Theatre Frontage project.
Background papers	None
Author/contact details	Adrian Flynn – Chief Accountant
Head of service	Martin Hone – Executive Head of Finance

Background notes on carry forward Capital Schemes

Capital Scheme & Carry Forward Amount	Purpose	Reason for carry forward
Investment Property Acquisition: £2.343m	To acquire property in accordance with the property acquisition strategy.	Council is seeking to acquire further property in 2021/22.
Bulking Shed: £270k	Improved storage facilities at the Doman Road depot.	Project due to commence in 2021/22.
Ashwood House (Market Hall): £300k	To convert the ground floor area into a market hall.	Evaluation of Project options is continuing, and project may commence in 21/22.
Arena: £2.219m	Construction of a new leisure centre.	Project to continue into 2021/22 and the Arena is scheduled to open in July 2021.
London Road block: £3.128m	To redevelopment and regenerate the London Road area of Camberley town centre.	Project to continue in 2020/21.
Increased Security (Measures Green Spaces): £166k	To install increased security measures at a number of open spaces sites within the Borough.	Project is due to take place over several years.
Camberley Theatre Frontage & lighting upgrade: £120k	Upgrade of the lighting system and the Theatre frontage (canopy) has reached the end of its useful life.	Project delayed by Covid and will continue into 2021/22.
Parks and open spaces: £341k	Upgrade of play areas and park improvements.	Projects to continue in 2021/22.

PRUDENTIAL INDICATORS - CAPITAL ACTUALS 2020/21

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

	2019/20 Actual	2020/21 Original Budget	202021 Actual	
Capital Expenditure	£7.895m	£35.7m	£24.162m	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	£186m	£224m	£176m	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	31.13%	19.18.%	30.66%	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	£245m	£230m	£230m	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	£250m	£235m	£235m	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.