

Capital Budget 2016/17 to 2018/19

SUMMARY

- 1.1 The report sets out the 2016/17 to 2018/19 capital programme for recommendation to Council on 3 February 2016. The main areas of the £195,461,000 programme over the next three years are ...
- £30,164,000 for the Environmental Agency flood defence project Our City Our River.
 - £25,000,000 to deliver the jointly funded waste disposal plant in partnership with Derbyshire County Council.
 - £19,608,000 for the People's Directorate programme, including the conclusion of the current primary school expansion programme and repairs, maintenance and improvements to the fabric of school buildings. This is indicative, subject to confirmation of government allocations.
 - £58,867,000 Housing programme including refurbishment to Council-owned houses in the Housing Revenue Account – HRA. This is indicative subject to the approval of the HRA business plan. Housing General Fund schemes to deliver decent homes and assistance to vulnerable householders, disabled facilities grants, other repairs and assistance in the private sector and support for affordable housing.
 - £21,354,000 for Highways and Transport - to improve the highway network and deliver major schemes such as the A52/Wyvern Transport Improvements.
 - £7,020,000 for Property Maintenance of the Council's buildings and infrastructure.
 - £23,012,000 for Regeneration of the city centre and key regeneration areas, Infinity Park Derby and the Innovation Centre.
- 1.2 A number of measures to set the capital budget have been applied including reductions in over programming and scheme changes, as detailed in Section 6.
- 1.3 A review of the capital programme by Cabinet has resulted in reduced borrowing from 40.4% in the current three year programme to 30.4% over the next three years.

- 1.4 The report outlines assumptions made on future year's government allocations which are still to be confirmed, as detailed in Paragraph 5.2.

RECOMMENDATION

- 2.1 To approve the capital programme for 2016/17 and note the indicative capital programme for 2017/18 and 2018/19 as set out in the report. A summary is shown in Appendix 2.
- 2.2 To approve the commencement of the capital schemes presented in the 2016/17 capital programme detailed in Appendix 2.
- 2.3 To approve the allocation of S106 funding as summarised in paragraph 5.6 table 2 and detailed in Appendix 4
- 2.4 To note assumptions made for government funding allocations, detailed in paragraph 5.3.
- 2.5 To note the process of review undertaken on the current capital programme described in section 4.
- 2.6 To note the revenue budget implications of the proposed programme described in sections 6 and 8.
- 2.7 To approve the prudential indicators as outlined in section 9 and detailed in Appendix 6.
- 2.8 To approve the MRP statement detailed in Appendix 7.

REASONS FOR RECOMMENDATION

- 3.1 The Capital programme for 2016/17 and the indicative capital programme for 2017/18 and 2018/19 require Council approval under Contract and Financial Procedure Rules to ensure that the programme meets the corporate outcomes as detailed in paragraph 7.2.
- 3.2 In order to support the decision making process a review of the existing programme has been carried out to ensure that the limited funds available can be targeted appropriately to meet the Council's overall aims.



Derby City Council

COUNCIL CABINET **20 January 2016**

Report of the Chief Executive

SUPPORTING INFORMATION

4. DEVELOPMENT OF THE CAPITAL PROGRAMME

- 4.1 In February 2015, Council approved a capital programme for the period from 2015/16 to 2017/18 with 2016/17 and 2017/18 as indicative allocations only. This provisionally allocated corporate resources available in order to meet significant investment needs for service improvement.
- 4.2 The Council's budget strategy report for 2016/17 was presented to Council in November 2015, and included details of the Council's proposed approach to development of the capital programme. Following adoption of this strategy, the proposed capital programme has been developed using the following methodology ...
- Assessing the current programme to include all schemes that are contractually committed which will continue into 2016/17. These schemes have been automatically included in the 2016/17 - 2018/19 programme.
 - A review of the current capital programme to remove corporate borrowing for schemes that are not contractually committed. The strategy currently assumes no new borrowing for future years.
 - No new bids added apart from those which are self-funded or rolling programmes for transport, schools and HRA.

- 4.3 The original programme for 2016/17 to 2018/19 has been scrutinised to identify schemes that will automatically continue as they are contractually committed and have identified funding to enable them to proceed. As part of this process a number of amendments have been made to the existing Capital Programme:
- Reductions to the district centre refurbishment programme which will now be addressed as part of the Councils 15 year vision.
 - Re-profiling of a new Cemetery provision beyond the current Medium Term Financial Plan.
 - Removal of the Silk Mill Museum match funding, pending the results of the lottery bid which will require identification of funding and further approval if successful.
 - Removal of the match funding for the European Regional Development Fund regeneration bids until confirmation of approvals are known and will then require identification of funding and further approval if the bids are successful.
 - Reductions in the ICT programme due to the nature of the spend for ICT services becoming revenue rather than capital expenditure.
 - Disabled Facilities Grants - The programme includes the application of the government grant allocation, RTB capital receipts historically approved for use on the DFG programme and a reduced level of corporate funding for the following two years reducing to no corporate funding from 2018/19.
- 4.4 The financial matters report agreed by Cabinet on 9 December 2015 was used as the basis for the indicative 2017/18 – 2018/19 capital programme planning. This has since been revised with all of the amendments approved at further Cabinets since this date.

- 4.5 Table 1 summarises the final revisions that have been made to the 2016/17 to 2018/19 capital programme since the consultation process and includes all cabinet changes and updated funding assumptions.

Table 1 Final changes to 2016/17 to 2018/19 capital programme since the Consultation process.

Change (cumulative)	2016/17 £000's	2017/18 £000's	2018/19 £000's
Capital Programme Consultation	101,694	58,610	42,123
Changes due to slippage from 2015/16	1,165	(19)	0
Changes due to removal of technical over programming	4,908	(1,423)	(3,485)
ICT changes	(885)	(6,670)	100
District centre allocations included within LTP programme	(385)		
Adjusted H&T programme	(447)	(300)	(300)
Addition of S106 schemes for H&T	175	300	300
Revised Capital programme	106,225	50,498	38,738
Funding Available at Consultation	101,694	58,610	42,123
Changes due to slippage (Various)	1,165	(19)	
Amendment to the borrowing profile	4,908	(1,423)	(3,485)
ICT changes (SCE C)	(885)	(6,670)	100
District centre allocations from LTP (SCE C)	(385)		
Adjusted H&T SCE allocations	(447)	(300)	(300)
Additional use of S106	175	300	300
Revised Funding Available	106,225	50,498	38,738

- 4.6 The provisional capital programme 2016-2019 was developed by the Council's Corporate Capital Programme Board (CCPB) in conjunction with Chief Officer Group and Council Cabinet.

4.7 New allocations

CCPB received a number of requests for new capital schemes from Directorates, for 2016/17 to 2018/19. Rolling programmes attracting their own funding totalled £29,757,000 and extended the existing programme, allocating indicative annual funding in 2018/19 for CYP, HRA and highways.

Schemes, totalling £5,030,000 requesting new corporate funding were as follows:

- Property Adaptations for Foster Carers £80,000 (2018/19)
- Planned maintenance of corporate properties £4,700,000 (2018/19)
- Flood Defence £250,000 (2018/19)

These schemes have not been added into the programme at this stage until funding can be identified.

4.8 Details of the finalised proposals for new capital schemes were included for Public Consultation between December 2015 and January 2016.

4.9 Further detailed updates on specific programme areas, as well as confirmation of funding allocations, for; Regeneration, Property Maintenance, Schools, Highways and Housing, will be reported to future Cabinet meetings. These will allocate funding to individual schemes within these areas and outline the objectives for the year.

4.10 Major projects are run using the Prince 2 methodology and carry individual risk registers. All risk implications are reported and monitored on a monthly basis at the Strategic Asset Management Board.

5. FUNDING

5.1 The capital programme is financed from several resources, which are defined in Appendix 3.

5.2 All of the Capital allocations for the Single Capital Pot (Supported Capital Expenditure Capital through government grant allocations which are unringfenced) have not been received at the time of writing this report. Where confirmations of allocations have not been received, the previous year's allocations have been used. The programme will be amended accordingly once these become available.

5.3 Broad levels of funding have been allocated to asset groups such as highways and schools. Detailed priority setting will follow to allocate this funding to specific schemes. This will be ultimately managed by the CCPB.

5.4 Capital Receipts

Capital receipts have been removed from the programme, this removes any reliance on the success of property sales and utilises borrowing and the use of the Single Capital Pot in a more prudent manner. Any future capital receipts will be retained and held in a corporate reserve mainly for the property rationalisation programme in accordance with the revised capital receipts policy with the exception of schools and regeneration receipts as specified in the policy.

5.5 S106 Contributions

It was agreed through the S106 working group that any allocation of S106 monies would be reported to Cabinet during the year to inform members what specific contributions are intended to be used for. Any in year allocations are reported through the monthly Contract and Financial Procedure Matters reports, and quarterly Capital Monitoring reports, as they arise. As part of creating the new programme any S106 known to be required to fund the new programme are summarised in Table 2 for 2016/17 and detailed in Appendix 4.

Table 2 summary of S106 allocations

Strategy Area	Amount £
H&T	175,000
HGF	460,000
Regeneration	680,325
Total	1,315,325

6. Balancing the Programme

- 6.1 The level of funding available is sufficient to support the existing programme.
- 6.2 **Over-programming** – In the past the programme has included a level of over programming to allow for under spend against the list of originally approved schemes. There are a number of reasons for this including ambitious spend profiles; the need for further analysis following feasibility and design stages; and complex tendering exercises and delays when on site.

Due to closer management of slippage and uncertainty around future Single Capital Pot allocations the proposed programme for 2016-19 no longer includes an element of over programming. The impact of this has been managed within the 2016/17 to 2018/19 revenue budget. Not taking this action now would mean a funding issue in 2018/19.

- 6.3 **Borrowing** – the proposed programme includes total borrowing of £59,351,000 over the three years. No new borrowing has been programmed for 2018/19. The revenue budget also presented to this meeting includes the borrowing requirements.

This will be monitored closely and revised accordingly in future budget processes. The revenue implications of any additional borrowing will be reflected in the following year, i.e. the 2016/17 programme will require treasury management budget in 2017/18.

- 6.4 The proportion of the existing three year capital programme funded from borrowing is 40.4%. The proportion funded from borrowing for the next three years programme is 30.4%.

7. **Proposed Capital Programme 2016/17 to 2018/19**

- 7.1 The overall proposed summary capital programme for 2016/17 to 2018/19 is £195,461,000. A more detailed summary is presented in Appendix 2. The total includes slippage from the 2015/16 programme, the detail of which can be found in the separate Financial Matters report also presented to this Cabinet meeting.
- 7.2 The capital programme is consistent with the 15 Year Vision and Council Plan which sets out our priorities and how we will go about delivering good outcomes for the local community.
“Our people, our places, our city: Derby 2030 – A safe strong and ambitious city”

Through our Council Plan, we will work with partners to deliver...

- A safe and pleasant environment for you to live and work.
- A strong community where we feel empowered and businesses are supported to grow.
- An ambitious and forward looking city with good prospects for everyone a resilient Council, focusing on how we as a Council can deliver our services going forward.

Appendix 2 shows which priorities are supported by each scheme.

- 7.3 In addition to corporate borrowing, allocations of additional prudential borrowing can be made available to support additional capital schemes on a self-financing basis. Spend-to-save schemes are those where the financing cost of the capital investment is matched or exceeded by direct revenue savings. Other self-financing borrowing may occur where financing costs are funded by contributions from existing core revenue budgets. In both cases, there is a need for a revenue budget virement from specific service department budgets to the corporate Treasury Management budget to fund these schemes. The service department retains revenue savings where these exceed the financing costs.
- 7.4 Appendix 5 sets out details of the prudential borrowing that has been approved for future years. This is in addition to those in progress in 2015/16.

- 7.5 More schemes are expected to be brought forward for approval during the year. Self-financing schemes can be approved at any point in the financial year, on a case-by-case basis, as they are not competing for limited corporate resources. Departments are being encouraged as part of service savings option appraisals to consider the use of self-financing unsupported borrowing to re-shape service delivery. The CCPB is considering property solutions and opportunities as part of the property review programme.
- 7.6 Subsequent reports will be brought to Cabinet during the course of the year where block allocations have not been fully allocated to individual schemes. The programme for 2017/18 and 2018/19 remains indicative, with no future commitment beyond 2015/16 (other than those contractually committed) until the 2016/17 budget is agreed.
- 7.7 Analysis of corporate borrowing is on-going to ensure the best use of corporate borrowing to maximise Council Value for Money.

8. Revenue Implications

- 8.1 The cost of unsupported borrowing in the revenue budget is dependent on the profiled spend in each financial year and the useful economic life of each capital asset being funded. The revenue costs of the proposed capital programme have been included in the revenue budget at this Cabinet meeting. Any changes to the recommendations in this report could therefore have a revenue budget impact.
- 8.2 A revenue budget provision to cover lifecycle and on-going maintenance costs should be provided from departmental revenue budgets for all schemes in the capital programme, where relevant. The availability of such revenue budgets for capital schemes will need to be confirmed before capital schemes can commence.
- 8.3 The revenue budget provision for 2016/17, 2017/18 and 2018/19 also presented to this Cabinet meeting includes a treasury provision of £14.6m for 2016/17 £16.2m and £15.3m respectively for the further two years to pay for the treasury management function including additional borrowing requirements.

9. The Prudential Indicators and MRP

- 9.1 Following the Local Government Act 2003, the Prudential Code requires that the Council adopts a set of annual prudential indicators relating to capital expenditure and treasury management. The key objectives of the Prudential Code are to ensure that the capital investment plans are affordable, prudent and sustainable.

9.2 The prudential indicators adopted by the Council relate to:

- affordability, specifically with reference to the impact of the capital programme on council tax.
- prudence, comparing actual Council borrowing with its need to borrow.
- capital expenditure, highlighting the planned expenditure of the Council and its impact on the need to borrow.
- external debt, specifying the limit determined by Council above which further borrowing is not permitted.
- Treasury management, outlining the limits relating to interest rate exposure and principal exposure on both investments and borrowing.

9.3 The Prudential Indicators 2016/17 to 2018/19 are included at Appendix 6 and demonstrate that the Council has fulfilled the objectives of the code.

9.4 The Council is required to declare its Minimum Revenue Provision (MRP set aside for the repayment of debt) Policy each year. 2016/17 policy is detailed at Appendix 7.

10. **Next steps**

10.1 The full capital programme will be considered for approval by Council on 3 February 2016.

10.2 Subsequent to these decisions:

- For block programmes, approval will be needed to the content of programmes, where this is not set out in the initial programme. This will include the Local Transport Plan, regeneration programme, the schools programme and the HRA programme details of which will be reported to Cabinet in February/March 2016.

OTHER OPTIONS CONSIDERED

5.1 None considered.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Janie Berry, Director of Governance and Monitoring Officer Toni Nash, Head of Finance Organisation & Governance Janie Berry, Director of Governance and Monitoring Officer Christine Durrant, Acting Strategic Director of Neighbourhoods Martyn Marples, Director of Finance & Procurement Nick O Reilly, Director of Digital Services
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For more information contact: Background papers: List of appendices:	Nicola Goodacre, Group Accountant Capital 01332 643352 nicola.goodacre@derby.gov.uk None Appendix 1 - Implications Appendix 2 - Capital Programme Summary 2016/17 – 2018/19 Appendix 3 – Funding Definitions Appendix 4 – S106 application 2016/17 Appendix 5 - Summary of unsupported borrowing Appendix 6 – Prudential Indicators Appendix 7 – MRP statement 2016/17
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IMPLICATIONS

Financial and Value for Money

- 1.1 As set out in the report. Revenue implications of capital schemes will need to be considered as part of the options appraisal undertaken before each scheme commences, and will be built into future revenue budgets as appropriate. Funding from unsupported borrowing in 2016/17 - 2018/19 is dependent on the approval of the revenue budget.

Legal

- 2.1 The rules governing decisions on the capital programme are set out in the Local Government Act 2003 and in regulations and guidance issued under the Act, including the Prudential Code for Capital Finance in Local Authorities issued by CIPFA. This allows for additional unsupported borrowing provided that this is consistent with the Prudential Code, particularly in terms of affordability.

Personnel

- 3.1 The Capital Programme is considerable and will require substantial employee resource to deliver, with the appropriate levels of skills, strengths and abilities of employees at a time of significant budget savings.

IT

- 4.1 As detailed in the report.

Equalities Impact

- 5.1 Many of the projects highlighted under the Capital programme will make life more accessible for people with protected characteristics under the Equality Act 2010. In addition equality impact assessments are done for regeneration work with members of the Diversity Forums.

Health and Safety

- 6.1 Health safety capital schemes are included in the property maintenance programme shown at Appendix 2.

Environmental Sustainability

- 7.1 All capital schemes make considerations to the Council's Environmental Policy.

Property and Asset Management

- 8.1 Valuations will be updated during the 2015/16 closedown process where properties have had major works undertaken on those of which can be found in appendix 2.

Risk Management

- 9.1 As detailed in paragraph 4.11 of the report.

Corporate objectives and priorities for change

- 10.1 The process set out for approval is intended to deliver a capital programme that is consistent with corporate objectives and priorities.

Appendix 2

SUMMARY CAPITAL PROGRAMME 2016/17 - 2018/19				
CAPITAL EXPENDITURE	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Schools	8,957	6,601	4,050	19,608
Housing General Fund	2,429	1,879	1,464	5,772
Property Improvement	937	2,061	-	2,998
Property Maintenance & Refurbishment	4,983	2,037	-	7,020
Flood Defence	11,163	9,920	9,581	30,664
Highways & Transport	10,454	7,100	3,800	21,354
Vehicles Plant and Equipment	26,494	564	530	27,588
Regeneration	17,747	5,265	-	23,012
Information and Communication Technologies (ICT)	500	3,750	100	4,350
Housing Revenue Account (HRA)	22,561	11,321	19,213	53,095
Total	106,225	50,498	38,738	195,461
FUNDING	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Single Pot- Supported Capital Expenditure (Capital) SCE (C)	10,359	11,672	7,000	29,031
Devolved Formula	654	654	650	1,958
Corporate Borrowing	42,059	9,499	-	51,558
Service Financed Borrowing	6,699	564	530	7,793
Government Grants	21,639	15,675	10,426	47,740
Major Repairs Allowance	21,406	11,321	19,213	51,940
Capital receipts	290	200	200	690
External contributions	487	566	419	1,472
Lottery	397	-	-	397
Section106	1,316	300	300	1,916
Revenue Contributions Capital Outlay	248	47	-	295
Service Reserves	162	-	-	162
Capital Reserves	510	-	-	510
Total	106,225	50,498	38,738	195,461

Summary of priorities and funding definitions

Appendix 2

Key	
Local Priorities	Abbreviation
A safe and pleasant environment for you to live and work.	SPLW
A strong community where we feel empowered and businesses are supported to grow.	SC
An ambitious and forward looking city with good prospects for everyone	AFC
Funding	Abbreviation
Supported Capital Expenditure Capital	SCE C
Unsupported Borrowing Corporate	UBC
Unsupported Borrowing Service Financed	UBSF
Unsupported Borrowing Spend to Save	UBSS
Unsupported Borrowing External	UBE
Government Grants	GG
Capital Receipts	CR
Major Repairs Allowance	MRA
External Contributions	EC
Lottery	HLF
Section 106	S106
Revenue Contributions to Capital Outlay	RCCO
Service Reserves	SR
Capital Reserves	CRES

Appendix 2

Schools 2016/76 -2018/19 Summary Capital Programme

Strategy Area	Title	Source Of Funding	Corporate Priority	Revised 16/17	Revised 17/18	Revised 18/19
Schools	Devolved Formula Capital		SPLW	£1,248,000	£654,000	£650,000
Schools	Adaptions For Foster Carers	SCE C	SPLW	£108,000	£60,000	£0
Schools	School Access Initiative Projects	SCE C	SPLW	£1,000	£0	£0
Schools	Building Schools for the Future	GG	SPLW	£11,000	£0	£0
Schools	Buildings at Risk urgent condition and suitability schemes	SCE C	SPLW	£64,397	£0	£0
Schools	Littleover Community School Basic Needs Phase Two	SCE C	SPLW	£5,000	£0	£0
Schools	The Bemrose School - extension scheme to create Primary Phase accommodation and	SCE C	SPLW	£0	£6,000	£0
Schools	Allenton Community Primary School minor internal remodelling plus additional tem	SCE C	SPLW	£2,000	£0	£0
Schools	Brackensdale Infant School additional temporary classrooms	SCE C	SPLW	£30,000	£0	£0
Schools	Chaddesden Park Primary School additional temporary classrooms	SCE C	SPLW	£2,000	£0	£0
Schools	Cherry Tree Hill Primary School additional temporary classrooms	SCE C	SPLW	£2,000	£0	£0
Schools	Lawn Primary School additional temporary classrooms	SCE C	SPLW	£2,000	£0	£0
Schools	Portway Infant School additional temporary classroom & related changes	SCE C	SPLW	£2,000	£0	£0
Schools	School Condition work & place planning requirements funding pot	UBC	SPLW	£3,096,000	£3,096,000	£2,400,000

Schools	Osmaston Primary Refurbishment- Peoples Contribution	UBC	SPLW	£42,000	£0	£0
Strategy Area	Title	Source Of Funding	Corporate Priority	Revised 16/17	Revised 17/18	Revised 18/19
Schools	Allenton Community Primary School	SCE C	SPLW	£9,000	£0	£0
Schools	Meadow Farm Community Primary- Rewiring	SCE C/UBC	SPLW	£75,000	£0	£0
Schools	Works to teaching and learning areas to address shortfall in accommodation	UBC	SPLW	£474,000	£0	£0
Schools	Fire Risk Assessment Works	SCE C	SPLW	£158,000	£0	£0
Schools	Basic Need/Additional Places	SCE C/UBC	SPLW	£2,628,940	£2,785,168	£1,000,000
Schools	Ashgate Primary School- Final Phase Refurbishment	SCE C	SPLW	£3,000	£0	£0
Schools	Redwood Primary School- Kitchen	GG	SPLW	£2,000	£0	£0
Schools	St Giles' special school- Kitchen	GG	SPLW	£3,000	£0	£0
Schools	Alvaston Junior School - New heating system	UBC	SPLW	£4,000	£0	£0
Schools	Ash Croft Primary - Phase 2 replacement flat roof coverings	SCE C	SPLW	£2,000	£0	£0
Schools	Bemrose - Sports hall refurbishment	RCCO/UB C	SPLW	£330,000	£0	£0
Schools	Borrow Wood Primary- New Boilers	SCE C	SPLW	£2,000	£0	£0
Schools	Brackensdale Junior- Removal of two cloak room areas and creation of two additional classrooms	SCE C	SPLW	£1,000	£0	£0
Schools	Chellaston Junior- Phase 1 replacement flat roof coverings	UBC	SPLW	£3,000	£0	£0
Schools	Chelleston Junior Replacement Boilers	SCE C	SPLW	£29,000	£0	£0
Schools	Cherry Tree Hill Primary - New windows and doors to school hall. New heating sys	UBC	SPLW	£3,000	£0	£0
Schools	Gayton Community Junior- New fire alarm system	SCE C	SPLW	£1,000	£0	£0

Schools	Griffe Field Primary- FRI works	SCE C	SPLW	£1,000	£0	£0
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Strategy Area	Title	Source Of Funding	Corporate Priority	Revised 16/17	Revised 17/18	Revised 18/19
Schools	Murray Park- Refurbishment including new roof, ceilings, lighting and fire alarms	SCE C/UBC	SPLW	£100,000	£0	£0
Schools	Oakwood Infants- windows	SCE C	SPLW	£2,000	£0	£0
Schools	Pear tree community- phase 1 window replacement, new toilets and heating system	UBC	SPLW	£5,000	£0	£0
Schools	Pupil referral unit- internal remodelling	SCE C	SPLW	£3,340	£0	£0
Schools	Ravensdale Junior- Phase 1 replacement windows	SCE C	SPLW	£1,000	£0	£0
Schools	Roe Farm Primary Boilers	SCE C	SPLW	£11,000	£0	£0
Schools	Rosehill Infants and nursery- phase 2 window replacement, extension and remodel	UBC	SPLW	£19,602	£0	£0
Schools	Shelton Junior- Phase 2 fire risk assessment works and roofing works	SCE C	SPLW	£5,000	£0	£0
Schools	St Clares- Phase 2 window replacement	SCE C	SPLW	£1,000	£0	£0
Schools	Capital Programme for two year olds	GG	SPLW	£134,000	£0	£0
Schools	Walter Evans- External works resulting from previous capital scheme	SCE C	SPLW	£3,000	£0	£0
Schools	Springfield Primary School- Access improvements and traffic calming	RCCO/SCE C	SPLW	£63,000	£0	£0
Schools	Rosehill Infant school extension and remodelling works	UBC	SPLW	£265,000	£0	£0
	Total Schools Programme			£8,957,279	£6,601,168	£4,050,000

Housing General Fund 2016/17 - 2018/19 Summary Capital Programme

Strategy Area	Title	Source Of Funding	Corporate Priority	Revised 16/17	Revised 17/18	Revised 18/19
Housing General Fund	Hi4EM	GG/CR	SPLW	£80,000	£80,000	£0
Housing General Fund	Disabled Facilities Grant 96 Act	GG/CR	SPLW	£1,250,000	£1,250,000	£950,000
Housing General Fund	Capitalised Salaries	EC/GG	SPLW	£74,000	£74,000	£74,000
Housing General Fund	Healthy Housing Assistance	EC/GG	SPLW	£40,000	£40,000	£40,000
Housing General Fund	Empty Property Assistance	EC/GG	SPLW	£185,000	£185,000	£150,000
Housing General Fund	Community Energy Savings Project (CESP)	EC	SPLW	£250,000	£250,000	£250,000
Housing General Fund	Affordable Housing external Registered Provider	S106	SPLW	£550,000	£0	£0
	Total Housing General Fund Programme			£2,429,000	£1,879,000	£1,464,000

Property Improvement 2016/17 -2018/19 Summary Capital Programme

Strategy Area	Title	Source Of Funding	Corporate Priority	Revised 16/17	Revised 17/18	Revised 18/19
Property Improvement	Leisure Centre Strategy	UBC	SPLW	£0	£845,000	£0
Property Improvement	Children's Homes Refurbishment & Reconfiguration (including Moorfields redevelopment)	UBC	SPLW	£5,000	£92,000	£0
Property Improvement	Connecting Derby / Integrated Transport including maintenance	SR	SPLW	£162,000	£0	£0
Property Improvement	New Cemetery provision	UBC	SPLW	£0	£300,000	£0
Property Improvement	Museum Major Projects (Silk Mill)	UBC	SPLW	£175,000	£0	£0
Property Improvement	Coronation Avenue - New Children's Centre	UBC	SPLW	£89,000	£33,000	£0
Property Improvement	Queensferry Gardens Children's Centre- Refurbishment	UBC/SCE C	SPLW	£468,000	£180,000	£0
Property Improvement	Cricklewood Children's Centre- Refurbishment	UBC	SPLW	£38,000	£611,000	£0
	Total Property Improvement Programme			£937,000	£2,061,000	£0

Property Maintenance & Refurbishment 2016/17 -2018/19 Summary capital programme

Strategy Area	Title	Source Of Funding	Corporate Priority	Revised 16/17	Revised 17/18	Revised 18/19
Property Maintenance & Refurbishment	Planned Maintenance	GG/SCE C/UF/UBC	SPLW	£4,700,000	£2,000,000	£0
Property Maintenance & Refurbishment	Kedleston Road training Centre Refurbishment	SCE C	SPLW	£25,000	£0	£0
Property Maintenance & Refurbishment	Allen Park Centre Replacement Boiler	UCB	SPLW	£39,000	£0	£0
Property Maintenance & Refurbishment	Darley Changing Rooms Replacement Boiler	SCE C/UCB	SPLW	£82,000	£0	£0
Property Maintenance & Refurbishment	Capitalised Salaries - Valuer	SCE C	SPLW	£37,000	£37,000	£0
Property Maintenance & Refurbishment	Homes for Older People- Various	SCE C	SPLW	£100,000	£0	£0
	Total Property Maintenance Programme			£4,983,000	£2,037,000	£0

Flood Defence 2016/17 -2018/19 Summary Expenditure

Strategy Area	Title	Source Of Funding	Corporate Priority	Revised 16/17	Revised 17/18	Revised 18/19
Flood Defence	Our City Our River	GG/UBC	SPLW	£10,913,000	£9,670,000	£9,581,000
Flood Defence	Local flood alleviation scheme	SCE C	SPLW	£250,000	£250,000	£0
	Total Flood Defence Programme			£11,163,000	£9,920,000	£9,581,000

Highways & Transport 2016/17 - 2018/19 Summary Expenditure

Strategy Area	Title	Source Of Funding	Corporate Priority	Revised 16/17	Revised 17/18	Revised 18/19
Highways & Transport	Integrated Transport Programme - smaller scheme	SCE C/UBC/S106	SPLW	£703,000	£1,000,000	£1,000,000
Highways & Transport	Highways Asset Management Delivery - smaller scheme	SCE C/UBC/S106	SPLW	£2,949,000	£2,800,000	£2,800,000
Highways & Transport	A52 Strategic Transport Scheme	SCE C/UBC	SPLW	£6,711,000	£3,300,000	£0
Highways & Transport	Local Traffic Management	S106/SCE C	SPLW	£41,000	£0	£0
Highways & Transport	Strategic Network Management	SCE C	SPLW	£50,000	£0	£0
	Total Highways & Transport programme			£10,454,000	£7,100,000	£3,800,000

Vehicles Plant & Equipment 2016/17 -2018/19 Summary Capital Programme

Strategy Area	Title	Source Of Funding	Corporate Priority	Revised 16/17	Revised 17/18	Revised 18/19
Vehicles Plant and Equipment	Grounds Plant & Equipment	UBSF	SPLW	£609,000	£564,000	£400,000
Vehicles Plant and Equipment	Refuse Vehicles & Plant	UBSF	SPLW	£50,000	£0	£65,000
Vehicles Plant and Equipment	Street Cleaning Equipment	UBSF	SPLW	£635,000	£0	£65,000
Vehicles Plant and Equipment	Highways Vehicles	UBSF	SPLW	£200,000	£0	£0
Vehicles Plant and Equipment	Waste Disposal - New Treatment Plant	UBSF	SPLW	£25,000,000	£0	£0
	Total Vehicles Plant & Equipment			£26,494,000	£564,000	£530,000

Regeneration 2016/17 -2018/19 Summary Capital Programme

Strategy Area	Title	Source Of Funding	Corporate Priority	Revised 16/17	Revised 17/18	Revised 18/19
Regeneration	Building Frontage Enhancement Scheme	SCE C	SC, & AFC	£65,000	£0	£0
Regeneration	St Peter's Cross Public Realm	SCE C/UBC	SC, & AFC	£160,000	£0	£0
Regeneration	The Spot	CR/GG	SC, & AFC	£920,000	£0	£0
Regeneration	Innovation Centre	UBC	SC, & AFC	£144,000	£0	£0
Regeneration	Mackworth District Centre Improvement	S106	SC, & AFC	£551,000	£0	£0
Regeneration	Mackworth District Centre Parade	S106/(EC DH)	SC, & AFC	£50,000	£0	£0
Regeneration	Townscape Heritage Initiative	GG/lottery/SCE C	SC, & AFC	£867,000	£0	£0
Regeneration	Access Osmaston	EC/GG/RCCO	SC, & AFC	£895,000	£1,219,000	£0
Regeneration	Friar Gate Bridge	RCCO	SC, & AFC	£60,000	£0	£0
Regeneration	City Centre Living	UBSF	SC, & AFC	£5,210,000	£0	£0
Regeneration	St Alkmund's Bridge	EC	SC, & AFC	£45,000	£0	£0
Regeneration	Derby Vibrant City Placemaking	GG	SC, & AFC	£4,190,000	£1,770,000	£0
Regeneration	Infinity Park Derby- Infrastructure	GG	SC, & AFC	£4,050,000	£2,250,000	£0
Regeneration	Derbyshire County Cricket Club	SCE C	SC, & AFC	£266,000	£26,000	£0
Regeneration	Derwent District Centre Programme	SCE C (CYP)	SC, & AFC	£17,000	£0	£0
Regeneration	Darley Abbey Mills	SCE C	SC, & AFC	£200,000	£0	£0
Regeneration	Creative Pathways	S106	SC, & AFC	£57,000	£0	£0

	Total Regeneration Programme			£17,747,000	£5,265,000	£0
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Appendix 2

ICT 2016/17 -2018/19 Summary Capital Programme

Strategy Area	Title	Source Of Funding	Corporate Priority	Revised 16/17	Revised 17/18	Revised 18/19
ICT	Customer/service delivery GIS	SCE C	AFC	£0	£350,000	£0
ICT	ICT Stabilisation - Hardware Renewal	SCE C	AFC	£500,000	£3,000,000	£0
ICT	Replacement/Retender Council Tax System	SCE C	AFC	£0	£400,000	£0
ICT	Miscellaneous smaller systems replacement	SCE C	AFC	£0	£0	£100,000
	Total ICT			£500,000	£3,750,000	£100,000

HRA 2016/17 -2018/19 Summary Capital Programme

Strategy Area	Title	Source Of Funding	Corporate Priority	Revised 16/17	Revised 17/18	Revised 18/19
HRA	Kitchens and Bathrooms	MRA	SPLW	£10,463,000	£10,572,113	£11,221,000
HRA	Disability Adaptions	MRA	SPLW	£0	£749,193	£765,000
HRA	Bath Street	MRA	SPLW	£100,000	£0	£0
HRA	New Build and Acquisitions	MRA	SPLW	£8,677,000	£0	£7,227,000
HRA	Elton Road	MRA	SPLW	£710,000	£0	£0
HRA	Hillcrest Road	MRA	SPLW	£111,000	£0	£0
HRA	Seymour Close	MRA	SPLW	£200,000	£0	£0
HRA	Alum Close New Build	MRA	SPLW	£140,000	£0	£0
HRA	Ashlea New Build	MRA	SPLW	£1,840,000	£0	£0
HRA	Peel Street	MRA	SPLW	£140,000	£0	£0
HRA	Whitehurst St acquisition & Works	MRA	SPLW	£120,000	£0	£0
HRA	PV Panels New Build	MRA	SPLW	£60,000	£0	£0
	Total HRA			£22,561,000	£11,321,306	£19,213,000

Funding Definitions

Type of Funding	What it means
SCE (C)	Supported capital expenditure capital. This is a form of grant which is funded directly from central government grants.
Unsupported Borrowing Corp	Borrowing that's not supported by government but will be paid for through the treasury management revenue accounts via debt charges
Unsupported Borrowing Self Financed	Borrowing that's not supported by government but will be paid for from service depts revenue accounts via debt charges
Unsupported Borrowing Spend to save	Borrowing that's not supported by government but will be paid for from service depts revenue accounts via debt charges
Government Grants	Grants from central government for the major service blocks as well as other more specific grant funding
Other Grants	Grants other than those from central government
MRA	Major Repairs Allowance for the use on the HRA dwellings
Revenue Contributions	Revenue funding to fund capital expenditure
Capital Receipts	Cash received from the sale of fixed assets
Capital Reserves	Cash earmarked for specific schemes usually surplus RCCO's transferred to reserves or specific money set aside in a specific reserve to be used for capital purposes
Service Reserves	Cash earmarked for specific revenue and capital schemes which are monitored and kept by the relevant service accountants.
Corporate Reserves	Cash earmarked for specific revenue and capital schemes which are monitored and reconciled by the central team.
Lottery	Money received from the governing body for the allocation of lottery funding
Other Contributions	Money received from external bodies other than central government

S106 Application

Strategy Area	Scheme	Developer	Ward	£	S106 ref no
H&T	Highways maintenance Dale Road carriageway resurfacing	City Contracting	Spondon	14,000	CitC1-01b
H&T	Highways maintenance Dale Road carriageway resurfacing	New Raynesway	Spondon	61,000	Ray1-04
H&T	Highways Maintenance Portland St/St Thomas Rd signal junction refurb	Sainsburys	Sinfin	22,000	Sains3-01c
H&T	Alvaston District Centre London Road installation of controlled crossing facility	Former derby college	Alvaston	5,000	DerC2-03c
H&T	Alvaston District Centre London road installation of controlled crossing facility	Belmore Way	Alvaston	70,000	BelW3-04
H&T	Integrated transport – Radcliffe Drive/Rowitch Place/Burton Road measures to address parking	The Orchards, Rowditch Place	Abbey	3,000	RowP2-02b
Housing General Fund	Affordable Housing external RP	Miller & David Wilson	Chelleston	460,000	Wech2-07a

Strategy Area	Scheme	Developer	Ward	£	S106 ref no
Regen	Mackworth District Centre Improvement	Radleigh Homes	Mackworth	551,000	TBC
Regen	Mackworth District Centre Parade	Arthur Neale House	Mackworth	5,809	ArtN1-06
Regen	Mackworth District Centre Parade	Mackworth College	Mackworth	21,516	Mack3-02
Regen	Creative Pathways	Dunelm Ascot Drive	Alvaston	10,000	AScD1-01
Regen	Creative Pathways	Merril School, Jubilee Rd	Chelleston	4,780	MerC4-06
Regen	Creative Pathways	Brook St	Darley	19,220	BroS6-06
Regen	Creative Pathways	Chaddesden Sidings	Chaddesden	23,000	ChaS2-01
Regen	St Alkmunds Bridge	ABC Group Plc	Arboretum	45,000	Jurys1-01& Jurys1-03
		Total		1,315,325	

Summary of Unsupported Borrowing

Appendix 5

Strategy Area	Scheme	Asset Life	2016/17	2017/18	2018/19
	Corporate Borrowing		£	£	£
Flood Defence	Local flood alleviation scheme	40	250,000	250,000	
Flood Defence	Our City Our River	40	3,844,341		
Highways & Transport	Integrated Transport Programme - smaller scheme	40		850,000	
Highways & Transport	Highways Asset Management delivery - smaller scheme	40	1,326,000	2,650,000	
Highways & Transport	A52 Strategic Transport Scheme	40	5,293,000	3,300,000	
Property Improvement	Leisure Centre Strategy	50		845,000	
Property Improvement	Children's Homes Refurbishment & Reconfiguration (including Moorfields redevelopment)	50	5,000	92,000	
Property Improvement	Coronation Avenue - New Children's Centre	50	89,000	33,000	
Property Improvement	Queensferry Gardens Children's Centre- Refurbishment	50	438,000	180,000	
Property Improvement	Museum Major Projects (Silk Mill)	50	175,000		
Property Improvement	Cricklewood Children's Centre- Refurbishment	50	38,000	549,120	
Property Maintenance & Refurbishment	Planned Maintenance	50	583,000	750,000	
Regeneration	St Peter's Cross Public Realm	40	150,000		
Regeneration	Innovation Centre	50	144,000		
Schools	Pear tree community- phase 1 window replacement, new toilets and heating system	50	5,000		
Schools	Murray Park- Refurbishment including new roof, ceilings, lighting and fire alarms	50	6,000		
Schools	Cherry Tree Hill Primary - New windows and doors to school hall. New heating sys	50	3,000		
Schools	Chellaston Junior- Phase 1 replacement flat roof coverings	50	3,000		
Schools	Alvaston Junior School - New heating system	50	4,000		
Schools	Bemrose - Sports hall refurbishment	50	47,000		
Schools	Works to teaching and learning areas to address shortfall in accommodation	50	669,000		

Strategy Area	Scheme	Asset Life	2016/17	2017/18	2018/19
Schools	School Condition work & place planning requirements funding pot	50	3,096,000		
Schools	Osmaston Primary Refurb- Peoples Contribution	50	42,000		
Schools	Meadow Farm Community Primary- Rewiring	50	43,000		
Schools	Basic Need/Additional Places	50	596,000		
Schools	Rosehill Infants and nursery- phase 2 window replacement, extension and remodel	50	19,602		
Schools	Rosehill Infant school extension and remodelling works	50	265,000		
Vehicle plant & Equipment	Waste Disposal - New Treatment Plant	25	25,000,000		
	Total Corporate borrowing		42,058,943	9,499,120	-
	Service Financed				
Regeneration	City Centre Living	5	5,210,000		
Vehicle plant & Equipment	Highways Vehicles	5	200,000		
Vehicles Plant and Equipment	Grounds Plant & Equipment	5	609,000	564,000	400,000
Vehicles Plant and Equipment	Refuse Vehicles & Plant	7	50,000		65,000
Vehicles Plant and Equipment	Street Cleaning Equipment	5	630,000		65,000
	Total Service financed		6,699,000	564,000	530,000
	Total Borrowing		48,757,943	10,063,120	530,000

1 Introduction

- 1.1 In line with the requirements of the CIPFA Prudential Code for Capital Finance in local authorities, the various indicators that inform authorities whether their capital investment plans are affordable, prudent and sustainable, are set out below.

2 Gross Debt and the capital financing requirement

- 2.1 In order to ensure that over the medium-term net borrowing will only be for a capital purpose, the local authority should ensure that its gross external debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and next two financial years.
- 2.2 The table below shows that the Council during the current financial year 2015/16 has had no difficulty meeting this requirement, and that external debt and other long term liabilities, (less investments) has not exceeded the total of the capital financing requirement, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget:

	2015/16 Estimate at 23/12/15 £000
Borrowing 2015/16	332,170
Long term Liabilities	95,278
Transferred Debt	30,519
Less Investments	(95,000)
GROSS DEBT	362,967
Maximum CFR	631,421
Headroom	268,454

3 Estimates of capital expenditure

- 3.1 The estimates of capital expenditure are taken directly from the capital programme summary, and are split into both for the General Fund - GF - and the Housing Revenue Account (HRA) underpin the calculation of the other prudential indicators. These estimates are based on future levels of capital expenditure. It is important that the level of proposed capital expenditure remains within the Council's long term affordability.

Capital Expenditure	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
General Fund	83.6	39.2	19.5
HRA	22.6	11.3	19.2
Total	106.2	50.5	38.7

- 3.2 The Capital expenditure in the table above will be financed through borrowing or funded as follows:

Capital Financing	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
Government Grants	33.0	28	18.1
Major Repairs Allowance	21.4	11.3	19.2
External Contributions	1.8	0.9	0.7
Revenue contributions	0.4	0	0
Capital Receipts	0.3	0.2	0.2
Reserves	0.5	0	0
Total Funded	57.4	40.4	38.2
Supported borrowing	0	0	0
Unsupported borrowing	48.8	10.1	0.5
Total To Be Financed	48.8	10.1	0.5
Total Funded and To Be Financed	106.2	50.5	38.7

"Supported borrowing" is where grant was specifically received to support the finance costs of borrowing rather than being met generally from within the Councils overall resources and "Unsupported borrowing" is borrowing that is self - financed by the Council.

4 Ratio of financing costs to net revenue stream

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.

4.2 The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
Non-HRA	7.39	8.25	7.71
HRA	18.28	18.51	18.51

5 Capital Financing Requirement

5.1 The Capital Financing Requirement - CFR - measures the Council's capacity to borrow for capital purposes. The Council has an increasing CFR due to the capital programme and may be required to borrow over the period. Currently, however, the Council Strategy is to maintain investments and borrowing below their underlying levels by the use of cash balances and working capital.

Capital Financing Requirement	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
Non-HRA	415.5	411.2	362.1
HRA	230.9	230.9	230.9
Total CFR	646.4	642.1	593.0

6 Actual external debt

6.1 This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit (see section 8 below).

7 Incremental impact of capital investment decisions

- 7.1 This is a prudential indicator of affordability that shows the notional impact of capital investment decisions on Council Tax Band D and Housing Rent levels. This is not the actual increase in Council Tax Band D which is reported to Full Council in a separate report in March and is only the notional incremental impact from the capital programme. This figure in the table below, is derived by adding together the costs of the proposed level of borrowing shown in 3.2 and the proposed use of revenue resources. The costs are then divided by the council tax base set. HRA costs are divided by the number of housing stock rent-weeks.
- 7.2 The full revenue impact of the capital programme is not felt until the year following capital expenditure, because the Council's Minimum Revenue Policy - MRP - stipulates that the provision for debt repayment need not be made until the year following actual expenditure. Therefore the effect of the 2015/16 capital programme will not impact on the Council's revenue position until 2016/17 and so on.

Notional Increase Impact of Capital Investment Decisions	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £
Notional Impact on Band D Council Tax (Non HRA)	28.23	41.65	45.68
Increase in Average Weekly Housing Rents (HRA)	0.49	0.27	0.52

- 7.3 The change from 2016/17 to 2018/19 in the notional impact in the above table is due to borrowing costs to finance the capital programme shown in 3.2. As stated above, the actual council tax rate band D amount will be determined as a separate exercise. The indicator above is mentioned for reporting purposes to members as part of the Prudential Code.

8 Authorised limit and operational boundary for external debt

- 8.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

- 8.2 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit). It sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities. This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing, and its approved treasury management policy statement and practices.
- 8.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.
- 8.4 The Council's authorised limits for the next three years are:

Authorised Limit for External Debt @ 23/12/15	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
Borrowing	667	663	653
Other long-term liabilities	92	89	85
Total	759	752	738

- 8.5 The Operational Boundary links directly to the Council's estimate of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario, but without the additional headroom included within the Authorised Limit.
- 8.6 Decisions for any movement between borrowing and liabilities will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to Cabinet.

Operational Boundary for External Debt @ 23/12/15	2016/17 £m	2017/18 Estimate £m	2018/19 Estimate £m
Borrowing	597	593	583
Other long-term liabilities	92	89	85
Total	689	682	668

9 Adoption of the CIPFA Treasury Management Code

- 9.1 This indicator acknowledges that the Council has adopted the principles of best practice. The CIPFA Code of Practice outlines a number of principles which cover treasury management, the most important being "in balancing risk against return, local authorities should be more concerned to avoid risks than to maximise returns".

10 Maturity structure of fixed rate borrowing

- 10.1 This indicator is set to control the Council's exposure to refinancing risk, and to limit large concentrations of fixed rate debt being replaced at times of uncertainty over interest rates. It is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.
- 10.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

Maturity structure of fixed rate borrowing	Existing level at 12/1/16 %	Upper Limit for 2016/17 %
under 12 month	0	5
under 2 years	0	10
Under 5 years	6.02	20
under 10 years	5.92	50
under 20 years	16.04	70
under 30 years	5.71	80
under 40 years	40.64	90
under 50 years	25.67	100
50 years and above	0	0

- 10.3 The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

Appendix 7

MRP Statement 2016/17

Annual Minimum Revenue Provision Statement 2016/17

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the [Department for Communities and Local Government's *Guidance on Minimum Revenue Provision* (the CLG Guidance) most recently issued in 2012.

The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The CLG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

For capital expenditure incurred before 1st April 2008 and for supported capital expenditure incurred on or after that date, MRP will be determined by charging the expenditure over 40 years of the Capital Financing Requirement in respect of that expenditure.

For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets as the principal repayment on an annuity with an annual interest rate of 6%, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years. *Option 3 in England.*

For assets acquired by finance leases or the Private Finance Initiative and for the transferred debt from Derbyshire County Council, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

Where loans are made to other bodies for their capital expenditure, no MRP will be

charged. However, the capital receipts generated by the annual repayments on those loans will be put aside to repay debt instead.

No MRP will be charged in respect of assets held within the Housing Revenue Account. Capital expenditure incurred during 2016/17 will not be subject to a MRP charge until 2017/18.