

CAPITAL PROGRAMME

1. Summary of Proposals

The following table sets out the 2009/10 capital submissions considered by each spending committee and shows the proposed methods of financing.

<u>Submissions 2009/10</u>	<u>£</u>
Housing Revenue Account (HRA)	940,000
Policy	255,000
Services	638,000
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	1,833,000
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<u>Financing 2009/10</u>	<u>£</u>
Supported Borrowing (paragraph 2.1)	110,000
Unsupported Borrowing (paragraph 2.1)	170,000
Major Repairs Reserve (paragraph 2.2)	800,000
IEG Grant (E Govt)	50,000
Disabled Facilities Grants (paragraph 2.3)	115,000
Capital Receipts (paragraph 2.4)	98,000
HRA Direct Revenue Financing (paragraph 2.5)	140,000
Capital Reserve (paragraph 2.6)	350,000
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	1,833,000
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The capital submissions have been prioritised against Capital Programme Assessment Criteria. A full schedule of capital projects is given at appendix 2A. **Please note that those projects marked with an asterisk (*) require a report to the appropriate Committee on the detailed proposals before the scheme may proceed.**

2. Capital Controls and Resources

2.1 Prudential Guidelines

The prudential system for controlling local authority borrowing commenced in 2004/05. The principle behind the new arrangements 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 and Housing Revenue Account subsidy calculations. The revenue effects of borrowing above the supported level have to be met solely by council taxpayers and tenants.

The level of supported borrowing for 2009/10 is £110,000. A further £170,000 of unsupported borrowing has been allowed for taking total borrowing to what is considered to be an affordable level of £280,000.

2.2 Major Repairs Allowance

The Major Repairs Allowance (MRA) must be used solely for housing revenue account capital purposes.

The Council has been allocated an MRA of £808,669 for 2009/10. It is estimated that the balance on the Major Repairs Reserve at 1 April 2009 will be £111,895 and will be £120,564 at 31st March 2010

2.3 Other Capital Grants and Contributions

In 2009/10 resources from capital grants will include a contribution towards 60% of the cost of disabled facilities grants. The value of this grant has not yet been announced by the Department for Communities and Local Government.

2.4 Capital Receipts

The proportion of capital receipts that may be used to finance capital expenditure in 2009/10 is generally as follows:

Housing	25%
Other Services	100%

The remaining 75% of housing capital receipts are paid over to the government who then use these resources to help control national borrowing levels.

The capital programme assumes usage of £98,000 of capital receipts, which is the balance remaining from the £1.5 million receipt from the sale of surplus land. The full amount of this receipt will have been used by 31 March 2010.

2.5 HRA Direct Revenue Financing

A contribution of £140,000 will be made towards HRA capital projects.

2.6 Capital Reserve

£350,000 will be used to from this Reserve to fund the capital programme.