

## APPENDIX A

### CAPITAL PROGRAMME AND ASSOCIATED FUNDING UP TO THE YEAR ENDING 31 MARCH 2021

1. The capital programme up to the year ending 31st March 2021 is submitted for Members' approval as **Appendix A1** showing capital expenditure of around £49 million in 2016-17, £40 million in 2017-18, £60 million in 2018-19, £16 million in 2019-20 and £18 million in 2020-21, together with the associated financing and balance of capital receipts.
2. The Housing Revenue Account (HRA) self-financing reforms introduced in 2012/13 have resulted in substantial scope to finance HRA capital expenditure from revenue/ depreciation reserve.
3. Capital Expenditure can be classified as:
  - a) expenditure on fixed assets such as buildings which is accounted for on an accruals basis. A capital charge for depreciation is made to the revenue accounts to reflect the use of the asset in providing the service;
  - b) expenditure on grants to individuals and organisations which is accounted for on a cash payments basis.
4. The capital programme includes the effect of transferring 213 equity share properties, where nil rent is charged, from the HRA to the General Fund to avoid 75% of the sale proceeds being pooled, and paid to the Government, when repurchased properties on pre 1st April 2006 leases were resold. The £1.1 million, included in each year of the programme for repurchasing these properties, is to be funded from their subsequent sale receipts.
5. With regard to the pooling of capital receipts, the Council is now permitted to keep the majority of the HRA receipts from Right to Buy sales, provided the retained amount is spent on the provision of additional social housing for rent. Most HRA receipts from other sales (such as land or vacant houses) can also avoid pooling as long as they are used to fund HRA capital expenditure. It has been assumed that these rules will continue for the duration of the programme.
6. The financing policy inherent in Appendix A1 can therefore, be summarised as:
  - a) run down the balance of capital receipts available to finance both HRA and General Fund capital expenditure;
  - b) finance HRA capital expenditure from revenue/ depreciation reserve, housing capital receipts, and miscellaneous minor contributions/grants;
  - c) use of HRA capital receipts to finance General Fund capital expenditure on Disabled Facilities Grants and Travellers Site improvements;
  - d) use the remaining balance of the Housing and Planning Delivery Grant capital reserve to finance General Fund capital expenditure;
  - e) borrow to fund the housing company pilot (actually, it has been possible to fund the pilot by short term investment from cash reserves);
  - f) use the New Homes Bonus to fund the contribution to the A14 upgrade; and
  - g) in addition, earmarked capital grants received are used to finance specific capital expenditure.

7. In June 2013 Cabinet agreed to take on a Local Enterprise Partnership loan of £780,000 for the construction of the new pumping station at Webbs Hole Sluice in connection with the Northstowe development; the funding agreement requires repayment of the loan in full by 31 March 2018. It is anticipated that this loan repayment will be covered by S106 payments from the various phases of the Northstowe development; as such, in keeping with other S106 agreements, the loan and its repayment do not form part of the Council's capital programme. If S106 monies from future phases have not been received by the time the loan is due to be repaid, the shortfall will be met in the interim from other funding sources, which will be reported to Members.
  
8. In order that all significant capital items may be evaluated consistently throughout the Council, new items in the capital programme in 2016-17 or later, that are over £25,000 value in total, are subject to the completion of a proposal form for consideration alongside the capital programme. Copies of the forms are available on request.