

APPENDIX A CAPITAL

CAPITAL PROGRAMME AND ASSOCIATED FUNDING UP TO THE YEAR ENDING 31ST MARCH 2017

1. The capital programme up to the year ending 31st March 2017 is submitted for Members' approval as **Appendix A1** showing capital expenditure of around £8 million in 2011/12, increasing to around £13 million from 2014/15 onwards, together with the associated financing and balance of capital receipts. The balance of capital receipts brought forward is run down significantly in 2012/13 and fully utilised in 2013/14 and, thereafter, the programme is dependent on in-year capital receipts and grants, including the use of brought forward reserves of Housing and Planning Delivery Grant and revenue financing to meet the deficit.
2. With the Housing Revenue Account (HRA) self-financing reforms, the grant known as Major Repairs Allowance (£3.3 million) ends in 2011/12 but in 2012/13 and subsequent years there is substantial scope to finance HRA capital expenditure from revenue/major repairs 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 now shows the effect of transferring 213 equity share properties, where nil rent is charged, from the Housing Revenue Account 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 are resold.
5. With regard to the pooling of capital receipts, it has been assumed that capital receipts from both Right to Buy and HRA equity share sales will continue to be pooled at the rate of 75% for the full duration of the capital programme.
6. The financing policy inherent in Appendix A1 can therefore, be summarised as:
 - i. run down the balance of capital receipts to zero in the years 2012/13 to 2013/14 to finance both Housing Revenue Account (HRA) and General Fund capital expenditure;
 - ii. from 2012/13 onwards, finance HRA capital expenditure from revenue/major repairs reserve, £100,000 from capital receipts, and miscellaneous minor grants;
 - iii. from 2012/13 onwards, use the balance of capital receipts after pooling to finance General Fund capital expenditure on General Fund equity share repurchases and improvement grants/loans;
 - iv. use the balance of the capital reserve for Housing and Planning Delivery Grant to finance the balance of General Fund capital expenditure with financing from revenue thereafter; and
 - v. in addition, earmarked capital grants are received and used to finance specific capital expenditure.