

Report to the Cabinet

Report reference: C-047-2014/15.

Date of meeting: 1 December 2014.



**Epping Forest
District Council**

Portfolio: Finance

Subject: Capital Review 2014/15 – 2018/19

Responsible Officer: Teresa Brown (01992–564604).

Democratic Services Officer: Gary Woodhall (01992–564470).

Recommendations/Decisions Required:

- (1) That the latest five-year forecast of capital receipts be noted;**
- (2) That the level of usable capital receipts currently predicted to be £4,715,000 at 31 March 2019 be noted;**
- (3) That the following amendments to the Capital Programme be approved or, where relevant, recommended to Council to approve:**
 - (a) carry forwards totaling £2,051,000 from 2014/15 to 2015/16 in respect of General Fund capital schemes as outlined in the report;**
 - (b) an additional allocation of £12,000 to purchase a franking machine for the business administration team;**
 - (c) an overspend of £49,000 in respect of fees on the purchase of the lease at Torrington Drive;**
 - (d) a carry forward of £473,000 from 2014/15 to 2015/16 and 2016/17 in respect of the Open Market Shared Ownership initiative and a reduction of £292,000 for private sector housing loans in 2014/15;**
 - (e) re-phasing the Disabled Facility Grant budget as outlined in the report and an additional allocation of £9,000 to complete the programme of non-repayable private sector housing grants;**
 - (f) virements within the Housing Revenue Account in respect of the categories of work identified in the report; and**
 - (g) re-phasing of the housebuilding programme, planned maintenance programme and off street parking initiative financed within the Housing Revenue Account as identified in the report.**

Executive Summary:

This report sets out the Council's Capital Programme for the five year period 2014/15 to 2018/19. It includes the forecast capital investment in Council owned assets; estimates of capital loans to be made for private housing initiatives; and projected levels of revenue expenditure funded from capital under statute. The capital programme has been prepared by updating the programme approved in February 2014, amended for any slippage and re-phasing approved in June 2014, as well as new schemes and allocations approved by Cabinet since then.

Each scheme within the capital programme has been reviewed and spending control officers have reassessed estimated final costs and the phasing of expenditure profiles for each scheme as part of the capital review. Recommendations have been made to make amendments as appropriate.

The Council's overall programme of capital expenditure is summarised for each Directorate in Appendix 1 and shows a commitment to invest £108,518,000 in Council-owned assets over the five year period under consideration. Of this amount £95,781,000 (nearly 90%) will be spent on improving or increasing the Council's housing stock. Details of individual schemes or groups of projects are shown at Appendix 2 for the General Fund capital programme and an analysis of works into specific categories is shown at Appendix 3 for the Housing Revenue Account (HRA) Capital Programme. Appendix 1 also shows the Council's commitment to finance capital loans up to a maximum of £2,113,000 and planned expenditure of £2,613,000 which is classified as revenue expenditure but which can be financed from capital resources, over the five year period. Analyses of these figures are given in Appendices 4 and 5 respectively.

With regard to funding the capital programme, the report sets out proposed sources of finance over the five-year period from 2014/15 to 2018/19 in the lower section of Appendix 1, based on maximising the funding available to finance each scheme. The report identifies estimated external funding from grants and private sources of £5,412,000, and it proposes that capital receipts of an estimated £23,062,000 and revenue contributions of an estimated £84,770,000 be applied to finance the capital programme over the next five years. The estimated level of capital resources available now and in the future are given in Appendix 6. In summary, the balance of capital receipts is expected to fall from £17,467,000 as at 1 April 2014 to £4,715,000 by 31 March 2019 and the Major Repairs Fund balance is expected to decrease from £11,359,000 to £1,927,000 by the end of the period.

Reasons for Proposed Decision:

The capital programme presented in the appendices is based on decisions already approved by the Cabinet or decisions that the Cabinet is soon to consider. The expenditure profiles suggested are based on Member agreed timescales and practical considerations. The decisions proposed are intended to make the best use of the capital resources currently available and forecast to become available for capital schemes to 2018/19.

Other Options for Action:

The level of capital receipt resources is predicted to fall to £4,715,000 by 31 March 2019, based on the assumption that the generation of usable capital receipts will be limited to the sale of council houses. The revenue consequence of reducing the level of capital receipts over the next five years is to reduce investment income. Members may choose to reconsider the inclusion of some new schemes or re-assess the inclusion of some existing schemes.

With regard to financing the HRA capital programme, RCCO (Revenue Contribution to Capital Outlay) contributions could be reduced by increasing the use of usable capital receipts, beyond that which is required. This option has been rejected in the past because the RCCO levels suggested in this report are affordable within the HRA, according to current predictions, and any use of usable capital receipts for HRA purposes would have the effect of reducing capital resources available for the General Fund.

Report:

Resources

1. The five year Planned Maintenance Programme is reviewed periodically to ensure that the Council's operational and commercial property assets are properly maintained and improved to meet Health and Safety requirements, statutory regulations, contractual obligations, customer demands and the long term protection and value of the authority's assets. The capital allocations included in appendix 2 were approved in October 2013. The largest schemes are planned for the civic office buildings including: a significant programme of extending and upgrading air handling and air conditioning units; two more phases of the window replacement programme; the installation of the solar panels and associated roofing works; an on-going upgrade of electrical and lighting works to promote greater energy efficiency; completion of the toilet refurbishment programme; new heating controls to improve energy efficiency; and new electrical equipment to comply with health and safety requirements. The Planned Maintenance Programme also covers large scale improvement works to Council-owned shops, leisure centres and North Weald Airfield buildings. A review of the programme is due to be carried out in 2015 when the allocation for 2018/19 will be set along with any other amendments approved.

2. With regard to the projects planned for this financial year, most of the projects are expected to be completed by 31 March 2015. However, three of the schemes planned at the civic offices which will slip into 2015/16: the replacement of the concrete seating area at the front of the building; one of the energy efficiency schemes; and the large scale replacement of rain water goods on the roof. In addition, the planned resurfacing of the car parks at Waltham Abbey Swimming Pool and Epping sports centre have been put on hold pending the completion of the Leisure Strategy. Feasibility works on replacing the flat roofing at Waltham Abbey Swimming Pool have also been withheld for the same reason. Members are requested to approve carry forwards of £98,000 and £10,000 from 2014/15 to 2015/16 for the five schemes identified within the Planned Maintenance Programme above and the Waltham Abbey Swimming pool roof respectively.

3. The ICT capital programme for 2014/15 was approved in October 2013 and an additional project was approved in September 2014 for the installation of new software to allow integration and other enabling work for the new Waste Management contract; a virement of £23,000 was made from the waste management equipment capital budget to cover this. All the ICT projects are progressing well this year. The telephony upgrade project is now complete with just minor snagging issues outstanding. The tender for the host servers has been completed and the new servers are due to be delivered on site during November, this will release older hardware to facilitate the progress of the disaster recovery project. The back office integration project has been completed with the purchase of the ESRI GIS mapping system; this has now been installed and Council staff are configuring and developing the use of the application. Phase 1 of the mobile working project has progressed well with more staff now having the technical capability of working outside of the office environment. All ICT projects planned for 2014/15 are expected to be completed by the year end except for the disaster recovery project which is expected to experience minor slippage; a carry forward of £20,000 to 2015/16 is requested to allow for this.

4. A report was submitted to Cabinet in September which detailed several ICT capital projects scheduled for 2015/16. A sum of £200,000 was approved for specific projects and a further £75,000 was approved as a contingency sum for the corporate flexible working roll out.

5. A new category has been included in the capital programme this year for two pieces of equipment needed in the Resources Directorate. A sum of £40,000 was recently approved for the purchase of an enveloping machine for the Council's reprographics section, which has recently been delivered. A new franking machine is also required by the business administration team to replace the current machine purchased in 2006, which is now obsolete and increasingly expensive to maintain. The proposed franking machine will be much more

technologically advanced and will be able to calculate VAT automatically, provide useful reports and more importantly will enable changes to the postal processes to be implemented which will result in revenue savings to the Council. An allocation of £12,000 is requested to purchase the new machine in 2015/16..

Governance

6. An allocation of £654,000 was included in the capital programme in 2014/15 for the acquisition of the lease of the second floor of Bridgeman House, Waltham Abbey. Although the original plans were abandoned, negotiations are still taking place with the head lease owners to acquire part if not all of the area. If successful, completion is likely to take place in the autumn of 2015 and Members are asked to approve a carry forward of the full budget.

7. The acquisition of the lease at Torrington Drive was finalised in April this year but the budget was overspent by £49,000 due to higher than expected capital fees. Members are requested to approve a retrospective overspend to cover the increased fees.

8. Commencement of the roofing works planned to upgrade of the industrial units at Oakwood Hill continue to be delayed pending the outcome of ongoing negotiations with the tenants occupying the units on the estate. No works will be carried out in this financial year but some legal expenses are expected to be incurred; a carry forward of £296,000 is requested.

9. An allocation of £248,000 has been set aside within the capital programme for initial works to promote capital investment in new developments within the District. With regard to the Epping Forest Shopping Park at Langston Road, the Council is now looking to finalise the Development Agreement with Polofind and discharge planning conditions. The new depot at Oakwood Hill has received planning approval and a progress report will be presented to Cabinet in late 2014 or early 2015, which will outline budget requirements for the development. Progress continues to be made on the site of the former Sir Winston Churchill public house. The Council has entered into a 150-year lease with the developer and the Development Agreement has also been entered into. However, a variation to the agreement has been proposed by the developer, which will be put to Members in a future Cabinet Report. Planning permission has been granted for the construction of 64 private flats, the Sir Winston Churchill Public House has been demolished and construction works have now commenced. A budget of £75,000 was approved to cover external legal fees, which is expected to be fully utilised in 2014/15. Any further investment, which may be required for additional consultancy fees to progress new or existing developments to extend the Council's Economic Development Strategy, will be the subject of future reports to Cabinet.

10. A budget for the new IT system to manage the Council's commercial properties was originally approved in 2013/14 but implementation has been delayed due to the specific nature of the requirements. However, a suitable supplier has now been found and the new system is expected to be installed before the beginning of the next financial year. No budget changes are therefore required.

11. Three new budgets have been included in appendix 2 for the Governance Directorate. A supplementary capital estimate of £1,000,000 was approved by Cabinet in October 2014 for the acquisition of Essex County's land holding in the St John's Road development site in Epping. An allocation of £84,000 was approved in September 2014 as a contribution towards the provision of superfast broadband in the District and an allocation of £25,000 has been included to purchase a scanner for the planning section approved originally within the revenue budget and consequently to be financed from revenue contributions.

Neighbourhoods

12. An annual allocation of £30,000 was agreed for waste management equipment to provide the resources for the Council to purchase replacement refuse bins and recycling containers under the new waste management contract. A larger allocation of £130,000 was

set aside in 2014/15 primarily to renew any waste and recycling containers prior to the commencement of the new contract in November 2014 to ensure sufficient levels of stock. Demand on this allocation has been lower than anticipated and approval was granted to vire £23,000 to the ICT Capital budget for essential IT system integration software and other enabling work. It is unlikely that all the remaining sum of £107,000 will be needed in this financial year and it is recommended that £23,000 be carried forward to 2015/16 pending a re-assessment of the annual allocation once the new contract is underway.

13. Over the past few years the Council has invested in three major parking reviews. The Epping parking review was completed last year and the formal public consultation for the Buckhurst Hill parking review is in progress with the works expected to be completed by the end of the financial year. The final scheme in Loughton Broadway will follow once the Buckhurst Hill scheme is completed. Members are requested to approve a carry forward of £190,000 2015/16 in respect of this scheme.

14. A budget of £90,000 was included in the capital programme for the purchase and installation of new pay and display machines across all Council owned car parks in 2014/15. This project is expected to be completed this year.

15. The flood alleviation scheme currently has an approved budget of £97,000, which was set aside for the purchase of a vehicle and flood alleviation equipment to support the land drainage team. Most of the purchases have been made or are currently in hand. However, the full sum is unlikely to be required before the end of the financial year and therefore Members are asked to approve a carry forward of £39,000.

16. A schedule of capital works to be completed at North Weald Airfield is jointly agreed each year with the market operators. However, capital contributions have been suspended for a while due to economic circumstances and the Council has agreed to carry out essential work only for the time being. An unspent balance of £44,000 currently exists on the account, which has been allocated to 2014/15 and no further contributions have been included in the capital programme pending further developments.

17. An annual allowance of £30,000 is provided within the capital programme for the replacement of grounds maintenance vehicles. The allocation for 2014/15 is slightly higher due to some slippage from 2013/14. No changes are anticipated.

Communities

18. The capital programme includes provision for a major project to extend and redevelop the Council's museum. Heritage Lottery funding of £1,650,000 has been secured, of which £1,500,000 has been assigned to the capital project, and Members have agreed to commit a further sum of £250,000 towards this scheme. The start of the detailed design work had to be deferred due to a delay in acquiring the lease of the new premises, which finally took place in April 2014. However, clearance of the Museum building and much preliminary work was undertaken while waiting for the purchase completion. Most of the design work has now been completed and tenders have been sent out. The build phase of the project is due to begin in January 2015 and completion is planned for July 2015. This will be followed by the installation of the exhibitions and collections. If planned timescales are achieved, the Museum will reopen to the public in mid October 2015. Revised costings for the building works will be undertaken when the tenders are evaluated and a report will be presented to Cabinet.

19. An ongoing programme of providing off street parking facilities on Council Estates has been underway for several years. Work on Phase 5 sites has now started: Queens Road is almost complete; works to Ladyfields due to start shortly; the resident consultation on Park Square is underway; and consultation at Paley Gardens is due to commence soon. All these schemes are joint funded between the General Fund and the HRA depending on the split between sold properties and HRA tenanted properties. A carry forward of £716,000 from 2014/15 is requested in respect of the General Fund allocation to be re-phased in equal

proportions over the following two years.

20. The CCTV capital programme is progressing well. All works are now completed at Lower Queens Road, Buckhurst Hill and Loughton High Road and the Essex Police Force Control Room has access to images from both Epping High Street and Loughton High Road. Work will commence shortly on the CCTV refurbishment project at the Limes Farm shops and an operational requirement is being developed in respect of the CCTV system at North Weald Airfield. A small carry forward of £5,000 from 2014/15 to 2015/16 is requested.

21. The Limes Centre project is complete and the centre is now operating a full service. A sum of £6,000 remains from the approved budget which is expected to be used for some minor snagging works in this financial year. No amendments are requested.

Housing Revenue Account (HRA)

22. The new housebuilding and conversions programme is now underway. Conversion works at Marden Close and Faversham Hall started on site in October 2014 and the project is running to programme and budget. Completion is expected around November 2015. With regard to phase one of the new house building programme, tenders were received in July 2014 and evaluated by Pellings, the Employers Agent acting on behalf of East Thames, the Council's Development Agent. A report was presented to Cabinet in August 2014 and the contract was awarded to Broadway Construction Ltd for the tendered sum of £3,245,144. Work started on site on 27 October 2014 and the new homes are expected to be completed by the end of November 2015. With regard to phase 2 of the house-building programme, the planning application was submitted on 22 October 2014 after the site was appropriated for planning purposes. This phase will deliver 52 new affordable homes at an estimated cost of around £8,275,000 plus fees of approximately £717,000. This will be part funded from the £500,000 Homes & Communities Agency (HCA) Affordable Housing Grant recently awarded to the Council, subject to the Council achieving Development Partner Status with the HCA.

23. The latest timescales represent slippage on the original programme in respect of phase one of the new build. On the other hand plans are being drawn up to bring forward phases three to seven of the house building programme in order to accelerate the programme. New cash flows have been provided by East Thames and these have been used to re-profile costs over the five year period of the programme. Members are asked to endorse the new expenditure profile shown in Appendix 3.

24. The HRA capital programme has been updated to include provision for the purchase of a former Council house sold under the Right To Buy legislation. The Council had the opportunity to buy back a property by exercising its pre-exemption rights right under the Housing Act (Right of First Refusal) (England) Regulations 2005, due to its development potential. It is anticipated that completion will be achieved in 2014.

25. Capital works on the council's existing housing stock are progressing well and expenditure within the category including heating, rewiring and water tank replacements remains high this year mainly due to continued high demand for rewiring works as a consequence of the introduction of new rewiring regulations. The rewiring budget has already been enhanced to allow for the high level of demand. However, work on gas heating works was carried out ahead of schedule in 2013/14, which resulted in almost £100,000 of the 2014/15 allocation being re-profiled into 2013/14. In order to meet the demand in this financial year, Members are requested to approve bringing forward a sum of £120,000 from 2015/16.

26. The programme of works on windows and doors has been accelerated this year, particularly in respect of the front entrance door replacement programme, where catch up works are underway following the appointment of a new specialist contractor. All planned works are expected to be completed by the year end and no changes to the allocations are reported.

27. The three roofing contracts for flat roofs, tiled roofs and balcony resurfacing were all re-tendered in 2013/14 and, as a consequence delays were experienced before the contractors were appointed. A programme of catch up works is now underway and a re-assessment of workloads has identified a potential underspend this year. Members are requested to vire a sum of £400,000 to meet the increased demand on void upgrades.

28. The other planned maintenance category includes Norway House improvements, door entry system installations and energy efficiency works. The budget for energy efficiency works was increased this year to carry out two major programmes of work: an external wall insulation programme; and a cavity wall and loft insulation programme. Green Deal grant funding had been made available from Central Government for the external wall insulation works carried out by the end of September 2014. However, this funding has been withdrawn and the external wall insulation programme has been put on hold for the time being. It will recommence if grant funding becomes available again in the future. It is recommended that £200,000 be carried forward pending future developments. In addition, Members are asked to note that a small unspent budget of £3,000, which was originally set aside for communal TV upgrades, is no longer required and is recommended for re-allocation to another category.

29. The Council's structural repairs budget funds urgent major structural repairs, which are ad-hoc in nature as well as a planned programme of major remedial structural works. There has been little in the way of urgent structural repairs so far this year but it is considered prudent to hold contingent funds in place for emergencies. However, the planned programme is currently progressing well and it is recommended that savings from the drainage budget, within the environmental improvements category, be vired into the structural repairs budget to fund increasing demands. Members are requested to approve increases in this budget of £27,000 in 2014/15 and £100,000 annually thereafter as part of the Capital Review.

30. Expenditure on the void refurbishment programme has been increasing in recent years due to a rise in the number of properties going through the void process. This is partly due to a number of tenants downsizing as a result of the introduction of the benefit cap within the Welfare Reform Act and also due to the implementation of the Council's modern homes standard, which has increased the frequency that capital improvements are carried out on each property. Although, the volume and cost of capital work on void properties are difficult to predict, it is thought likely that extra funds will be required to refurbish void properties as quickly as possible to avoid loss of rental income. Members are asked to approve additional funds of £418,000 in the current financial year and £700,000 annually thereafter by means of virements from other categories of work within the HRA capital programme.

31. The kitchen and bathroom replacement budgets both allow for planned replacement programmes as well as ad hoc installations, which need to be carried out urgently. Within the planned replacement programmes approximately 5 kitchens and 3 bathrooms are currently being installed each week. Although there are still properties on hold pending clearance of tenant arrears and other matters, both programmes are progressing well and are expected to complete on time and within budget. No changes to the allocations are therefore required.

32. The programme for environmental improvements includes budgets for off street parking on housing estates, watercourse repairs, CCTV, environmental improvements to shops and fencing. The largest project in this category is off street parking and it is anticipated that the budget for the works will be under spent in the current financial year, it is therefore proposed that £743,000 be carried forward from 2014/15 to be re-phased in equal proportions over the following two years. The second largest project is the gas pipe-work replacement programme at the Ninefields Estate in Waltham Abbey and the Oakwood Hill estate in Loughton. Work on this programme will slip into 2015/16 and a carry forward of £251,000 is requested. The budget for drainage projects is no longer required due to a transfer of responsibility to the Water Authorities and it is recommended that the approved allocations of £27,000 in 2014/15 and £100,000 annually thereafter be vired to the structural repairs budget. Finally, a catch up programme is underway on environmental works but it is unlikely that the full 2014/15 allocation will be spent; a virement of £15,000 to other HRA

budgets is therefore requested.

33. The number of disabled adaptation requests received from Essex County Council occupational therapists increased significantly last year compared to previous years but no changes are requested to the approved capital programme at this point.

34. The other repairs and maintenance category includes feasibilities, asbestos removal and the contingency budget. The approved capital programme set aside a contingency sum of £700,000 each year from 2015/16 onwards, pending the identification of specific works. Given the large demand for void refurbishment works, Members are requested to approve the reallocation of this contingency to the voids programme.

35. The Capital Service Enhancements budget includes the front entrance fire door replacement programme on leasehold properties, the Oakwood Hill estate enhancement project, the refurbishment of communal kitchens in sheltered schemes, the provision of electric scooter stores at sheltered schemes, a contribution towards the provision of Wi-Fi at Norway House, and the online rents system & repairs maintenance software. Most of these projects are progressing well. However, it was recently agreed to start the Oakwood Hill estate enhancement project in the spring/summer of 2015 to coincide with Essex County Council Highways works. Members are asked to approve a carry forward of the £100,000 allocation originally assigned to 2014/15; the estimate for the total cost of the scheme remains £200,000.

36. No changes are requested in respect of the Housing DLO Vehicles budget at present.

Capital Loans

37. The planned programme for the provision of capital loans for private housing assistance from 2014/15 to 2018/19 is shown on Appendix 4 .

38. The Open Market Shared Ownership Scheme provides interest-free loans to B3Living (formerly Broxbourne Housing Association) to enable first time buyers to purchase properties on the open market. The scheme has been successful and is now in its second phase. However, uptake has reduced this year and it is recommended that the 2014/15 allocation be reduced to £120,000 to reflect the reduced activity. Members are asked to approve the balance being carried forward to 2015/16, pending a future report to assess possible future options on how to make the scheme more attractive.

39. With regard to other private sector housing assistance, a major change was introduced on 1 July 2012, when all discretionary financial assistance given by the Council became repayable upon the sale or transfer of property. Although uptake for these loans has been low to date, it is now increasing and it is estimated that loans totaling approximately £120,000 will be forwarded this financial year. It is suggested that the balance of £292,000 is taken out of the capital programme.

Revenue Expenditure Financed from Capital under Statute

40. The capital programme for revenue expenditure to be financed from capital resources is detailed on Appendix 5 for the period 2014/15 to 2018/19.

41. The number of referrals from occupational therapists, which initiate Disabled Facilities Grants (DFG), have been growing significantly since March 2013: 200 referrals are forecast for 2014/15 compared to 163 in 2013/14. As a consequence, it is anticipated that expenditure will exceed the approved budget in 2014/15 by approximately £17,000. This increase will be financed from the unallocated balance of DFG grant received from Central Government in 2013/14. Members are requested to approve a supplementary capital estimate to allow for the increase.

42. The budget for other private sector housing assistance covers private sector housing grants approved under the previous system of non-repayable grants for decent homes, small works and thermal comfort assistance. A new Housing Assistance policy came into effect from 1 July 2012, which involves loans being offered to private householders rather than grants. However, some grants are still being administered where approvals were sanctioned before the change came into effect. These payments continue to be paid as grants. It is estimated that the total value of grants payable in this financial year will be £15,000; an additional allocation of £11,000 is sought to cover this commitment.

43. Approximate figures have been included in the programme for works to be undertaken on HRA leasehold properties, resulting from sales of flats under the Right To Buy legislation.

HRA Self-Financing

44. From 1 April 2012 the HRA has operated under the new rules of Self-financing whereby the Council retains its own rents and the old Subsidy system was abandoned. This enables the Council to fund and manage the housing stock without Government intervention. A 30-year plan was drawn up by our housing consultant, which was presented to Cabinet on 12 March 2012, which indicated that surplus balances would be generated. Members decided to invest these surpluses in a construction programme to provide 120 new Council properties over a six year period.

45. The 30-year plan also forecasts the usable Capital Receipts likely to be available to the Council to finance capital expenditure. The rules regarding the amount of capital receipts which can be retained from right-to-buy sales changed under the self-financing rules. The Council now retains a sum of money based on the outstanding debt attributable to each house sold plus a further amount representing the 'Local Authority Share' of the capital receipt. These two elements can be used to fund any schemes within the capital programme or to offset debt. However, the third element retained by the Council can only be used for the provision of replacement housing. This element, often referred to as 1-4-1 funding, comes from any increase in right-to-buy sales over the numbers used in the self-financing settlement. This last element has to be used within three years of receipt and can only constitute a maximum 30% of the house-building programme. Appendix 6 forecasts the anticipated receipts the Council will retain over the next five years.

46. The Council's housing consultant monitors the position carefully and provides regular updates to the 30-year HRA plan in order to ensure that the Council achieves the best use of the resources available.

Capital Financing

47. Appendix 1 shows a summary of the capital programme along with the financing profile. The Council has approved estimates of capital expenditure under Prudential Code Indicator P (2) and also financing proposals for the years 2014/15 to 2016/17. Appendix 1 has applied the same principles with regard to funding although changes in the expenditure profile have been reflected in the financing requirements in each year.

48. The Council has maintained a consistent policy of prudence in forecasting available capital resources to ensure that any capital project included in the capital programme will be fundable. This means that only capital receipts received to date and projected receipts from the sale of council houses and mortgage receipts are taken into account; no recognition of any other potential receipts is made. Therefore, when predicting levels of available capital funding, receipts from future land sales are not taken into account.

49. Similarly a prudent view is taken of other sources of capital funding including funds receivable from Government Grants and private contributions. For instance, the availability of Section 106 monies to fund capital projects is based on payments received to date and not payments anticipated in the future. With regard to Section 106 monies, in the past these

sums were generally used for the provision of affordable housing via contributions to Housing Associations. However, from 2013/14 onwards it was agreed that Section 106 monies will be used to support the Council's own house-building programme.

50. As anticipated, the position regarding the generation of capital receipts has improved since the rise in the maximum allowable discount from £34,000 to £75,000 was introduced on 1 April 2012. The number of Council House sales rose to 53 sales last year from 13 the year before and, to date, 20 sales have completed this year. Future projections are notoriously difficult to make as there remain many uncertainties in the housing market, therefore a cautious and prudent approach has been adopted at this stage: 37 sales have been estimated for 2014/15 and 20 sales thereafter. The situation will continue to be monitored.

51. Appendix 6(a) shows the latest forecast of capital receipt generation, their application and hence the likely level of resources available to fund new projects. It takes into account the changes which have resulted from the HRA self-financing and capital pooling rules and shows that, based on current expenditure and projected receipts, usable capital receipts will be reduced to £4,715,000 by 31 March 2019 at the end of the programme period.

52. Appendix 6(b) shows anticipated balances on the Major Repairs Reserve with an estimated balance of £1,927,000 by 31 March 2019. However, the use of revenue contributions and capital receipts are indicative figures only and will be revised when the HRA forecast is updated within the 30-year plan. Any increases in the use of these sources of funding will result in a decrease in the use of funds held within the Major Repairs Fund and an increase in the balance at the end of the five year programme. Conversely, any reductions in the use of revenue contributions and capital receipts will have the opposite effect.

Resource Implications:

The budget provision is detailed in the report and appendices.

Legal and Governance Implications:

The legal and governance implications are taken into account within individual project reports.

Safer, Cleaner and Greener Implications:

In considering individual capital schemes and the programme overall, the Council gives due consideration to safer, cleaner and greener issues.

Consultation Undertaken:

All Directors and spending control officers for individual schemes have been consulted.

Background Papers:

Reference has been made to previous Cabinet reports and minutes. The Local Government Act 2003 (for England and Wales) and the Regulations have also been complied with.

Risk Management:

There is a financial risk involved in reducing the balance of usable capital receipts over the next five years. This risk is covered by risk 4 in the Council's Corporate Risk Register and has the following potential consequences: loss of interest; loss of cover for contingencies; financial strategy becoming untenable in the long run; service reductions required; and large Council Tax increases required

Due Regard Record

Name of policy or activity:

What this record is for: By law the Council must, in the course of its service delivery and decision making, think about and see if it can eliminate unlawful discrimination, advance equality of opportunity, and foster good relations. This active consideration is known as, ‘paying due regard’, and it must be recorded as evidence. We pay due regard by undertaking equality analysis and using what we learn through this analysis in our service delivery and decision making. The purpose of this form is as a log of evidence of due regard.

When do I use this record? Every time you complete equality analysis on a policy or activity this record must be updated. Due regard must be paid, and therefore equality analysis undertaken, at ‘formative stages’ of policies and activities including proposed changes to or withdrawal of services. This record must be included as an appendix to any report to decision making bodies. Agenda Planning Groups will not accept any report which does not include evidence of due regard being paid via completion of an Equality Analysis Report.

How do I use this record: When you next undertake equality analysis open a Due Regard Record. Use it to record a summary of your analysis, including the reason for the analysis, the evidence considered, what the evidence told you about the protected groups, and the key findings from the analysis. This will be key information from Steps 1-7 of the Equality Analysis process set out in the Toolkit, and your Equality Analysis Report. This Due Regard Record is Step 8 of that process.

Date / Name	Summary of equality analysis
30 October 2014	This report represents a financial summary of the sums approved within the Council’s Capital Programme from 2014/15 to 2018/19, in addition to the associated funding projections over this period of time.
Teresa Brown Principal Accountant	At this stage the aims of the public sector equality duty will already have been taken into account when the individual schemes were originally approved. As this report does not represent a formative stage in the approval of capital projects, an equality analysis is not considered relevant in respect of this report.