

**Meeting:** Executive

**Agenda Item:** 9

Portfolio Area: Resources

**Date:** 19 January 2016

## **2016/17 DRAFT CAPITAL FORWARD PLAN & 5 YEAR CAPITAL STRATEGY UPDATE**

### KEY DECISION

Author – Clare Fletcher	Ext 2933
Contributor – Sarah Ball	Ext 2351
Lee Busby	Ext 2730
Lead Officer – Scott Crudgington	Ext 2185
Contact Officer – Clare Fletcher	Ext 2933

### **1. PURPOSE**

- 1.1 To approve revisions to the 2015/16 General Fund and Housing Revenue Account Capital Programme and approve the draft Capital Programmes for 2016/17 for consideration by the Overview & Scrutiny Committee.
- 1.2 To provide Members with an update on the Council's draft 5 Year Capital Strategy and the resources available to fund the Capital Strategy.
- 1.3 To update Members on the work of the Leaders Services Priority Group (LSPG) in reviewing all General Fund capital bids prior to inclusion in the draft 2015/16 onwards Capital Strategy.

### **2. RECOMMENDATIONS**

- 2.1 That Members approve the revised General Fund and HRA 2015/16 capital programme, as detailed in **Appendix A** and **Appendix C**.
- 2.2 That Members approve the draft 2016/17 General Fund Capital Programme as detailed in **Appendix A**, for consideration by the Overview and Scrutiny Committee.
- 2.3 That Members approve the draft 2016/17 HRA Capital Programme as detailed in **Appendix C**, for consideration by the Overview and Scrutiny Committee.
- 2.4 That the updated forecast of resources as summarised in **Appendix A** (General Fund) and **Appendix C** (HRA) be approved.
- 2.5 That Members approve the transfer of any unused General Fund borrowing costs to the Capital Reserve, (paragraph 4.3.3 refers).
- 2.6 That Members approve the growth bids identified for inclusion in the Capital Strategy (**Appendix B**).

2.7 That the work undertaken by LSPG on behalf of the Executive in reviewing and challenging the General Fund Capital Strategy be noted.

### 3. BACKGROUND

3.1 **General Fund** -One of the significant pressures for the General Fund has been the impact of supporting the General Fund Capital Strategy, with a reducing resource base to meet the expenditure and investment needs of the town's assets. Investment demands have become evident with the Strategic Management Board (SMB) ward inspections and the Neighbourhood improvement agenda strand under the 'Future Town Future Council' priorities. The capital programme in recent years has seen the deferral of significant levels of capital investment over recent years unless classed as a high priority.

3.2 From 2015/16 a new approach to the capital programme was involved which meant zero basing all capital budgets from 2015/16 onwards and the categorising of new bids. Schemes have been classified as follows:

Schemes to be considered on Business Case:

- Category 1 : Return on investment schemes
- Category 2 : Income generating asset schemes

Schemes to be considered on Priority:

- Category 3 : Mandatory requirements
- Category 4 : Schemes to maintain operational effectiveness
- Category 5 : Match funding schemes

3.3 In terms of funding the bids, prudential borrowing will 'normally' only be used to support Category 1 and 2 schemes, with capital receipt, external grants and a new revenue reserve for capital being used to fund Category 3, 4 and 5 schemes. Obviously the funding total for Category 3, 4 and 5 schemes is finite and all schemes, although accepted on the capital strategy, cannot commence until funding is available.

3.4 LSPG met in October and November to review all General Fund capital bids (2016/17 onwards) and made a number of recommendations and these are contained within this report.

3.5 **HRA** -The HRA capital programme was revised in 2014 as part of the 30 Year Business Plan (November 2014 Executive). The 30 year HRA capital programme totalled £1,034Million with a funding shortfall (over 30 years) of £15.458Million, this was within the tolerance set by the Chief Financial Officer of 3% of total spend.

3.6 However recent announcements contained within the July 2015 budget and the subsequent Welfare Reform Bill and Housing and Planning Act mean that the identified funding for the 30 year programme is no longer in place as a result of rental loss from the four years 1% rent reduction and government initiatives such as 'sale of high value homes'.

- 3.7 Officers and Members are currently reviewing priorities for the HRA to determine the shape of the future capital programme as a result of the anticipated lower resources.
- 3.8 **Total Programme-** An update on the current Strategy was last reported to the Executive in November 2015 with a 2015/16 General Fund Capital Programme of £7,267,020 and a HRA programme of £28,188,970. The General Fund capital programme was subsequently increased to £8,037,840 following approval for the purchase of a regeneration asset in the town centre. The combined capital programme totals £36,226,810 for 2015/16.

#### 4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

##### 4.1 Capital Programme – 2015/16 General Fund

- 4.1.1 The 2015/16 programme is now projected to be £7,422,900. The main variances are summarised in Appendix A and included in the table below.

General Fund Capital Programme Change to 2015/16 Working Budget			
Scheme Name	Increase (Decrease) to 15/16 Working Budget	Slippage and Changes to 16/17 & 17/18 Working Budget	Reason
	£	£	
<b>Slippage</b>			
Park Pavilions	(23,990)	23,990	Recruitment difficulties have meant works will not be completed until 2016/17
Energy Conservation	(3,930)	3,930	Project now completed, underspend carried forward to increase 2016/17 budget for this scheme
Daneshill House Atrium & 1st Floor	(75,000)	75,000	Recruitment difficulties have meant works will not be completed until 2016/17
Swingate House - Heating	(35,000)	35,000	Recruitment difficulties have meant that work has not been carried out as planned. Works rescheduled to take place in summer 2016 to minimise disruption.
Archer Road Neighbourhood Centre 2014 (GF)	193,960	(193,960)	Scheme re-profiled to match the projected contract completion date which is ahead of the original forecast. Completion of Community Centre and Retail Units is now expected to be March 2016.
Toilets Upgrade	(92,500)	92,500	The works are now programmed to commence in the Summer 2016, (the expenditure in 2015/16 relates to consultants fees and technical assistance time in formalising plans for the scheme)
Changing Channels Payment Portal	(25,110)	25,110	Work to implement the new on-line payments system has been successfully completed. The remaining budget will be required to support the delivery of further on-line projects once the digital strategy has been produced which is scheduled for March 2016.
Software	(3,000)		This is a demand led budget and the remaining budget is not needed.
Harmonising Infrastructure Technology	(44,300)	44,300	This is the remaining infrastructure budget supporting harmonisation of systems in the shared service. Work to harmonise anti-virus systems is still outstanding as is work to upgrade both Councils to the latest version of Microsoft Exchange. These projects have not been prioritised in recent months because of work to ensure overall system resilience and performance being prioritised.
Implementation of Uniform Modules	(15,000)	15,000	Works are dependent on completion of licencing replacement work which has taken longer than anticipated. Now scheduled to begin in April 2016.

## General Fund Capital Programme Change to 2015/16 Working Budget

Scheme Name	Increase (Decrease) to 15/16 Working Budget	Slippage and Changes to 16/17 & 17/18 Working Budget	Reason
	£	£	
Replacement Infrastructure	(9,490)	9,490	There may be work required to replace the oldest of the server blades in 2016/17 which is currently not funded. These blades are almost 5 years old and may not support the new version of VMware. The upgrade to VMware will be required in early 2016/17.
Replacement Human Resources & Payroll System	(55,000)	55,000	The system is currently out to tender but is not scheduled for full completion until April 2017.
<b>Total Slippage</b>	<b>(188,360)</b>	<b>185,360</b>	
<b>Virements Between Projects</b>			
Harmonising Infrastructure Technology	(810)		Virements between ICT projects to correctly allocate budgets
Planning/Building Control Electronic Document Management (EDM)	810		Virements between ICT projects to correctly allocate budgets
Surveying Equipment	(6,000)		To fund replacement Christmas Lights
Christmas Lights	6,000		Replacement Christmas Lights in Old Town funded by Surveying Equipment
Town Centre Regeneration	(13,000)		To fund Market Place Play Area Upgrade
Market Place Play Area Upgrade	13,000		Funded by virement from Town Centre Regeneration
<b>Total Virements Between Projects</b>	<b>0</b>	<b>0</b>	
<b>Decreases to 2015/16 Budget</b>			
Photovoltaics (Solar Panels)	(167,000)		Budget for 2016/17 not required at the current time. A Business Case will be presented at a future Executive and this will include any capital financing required.
Town Centre Regeneration	(40,000)		The budget has been reduced to fund revenue expenditure and is now included in the General Fund for 'Stevenage First'.
Town Regeneration (Growth Area Fund funded)	(185,180)		It is proposed that this budget is used to part fund the 2016/17 growth bid for town centre improvements to the intersection between Park Place and Queensway. The original budget was included in the capital programme funded by growth area funding.
<b>Total Decreases to 2015/16 Budgets</b>	<b>(392,180)</b>	<b>0</b>	
<b>Increases to 2016/17 Budget</b>			
Garage Site Assembly	135,000	45,000	The cost of buying back garages was shown in the capital strategy as a reduction to projected capital receipts. The garages are now shown in the capital programme and the receipts shown gross. (Paragraph 4.3.5 refers)
Deferred Works Reserve		100,000	Budget to fund deferred growth bids that become required in the year, (paragraph 4.2.4 refers)
<b>Total Increases to Budgets</b>	<b>135,000</b>	<b>145,000</b>	
<b>TOTAL CHANGES</b>	<b>(445,540)</b>	<b>330,360</b>	
Various Vehicles	(169,400)		Reduction in capital budget as vehicle purchases are deferred to future years
<b>Total Growth Bids Affecting 2015/16</b>	<b>(169,400)</b>	<b>0</b>	
<b>Total Change in Working Budget and Projected Budgets</b>	<b>(614,940)</b>	<b>333,360</b>	

4.1.2 As at 21<sup>st</sup> December 2015, 49% (£3,616,305) of the revised General Fund programme had been invoiced.

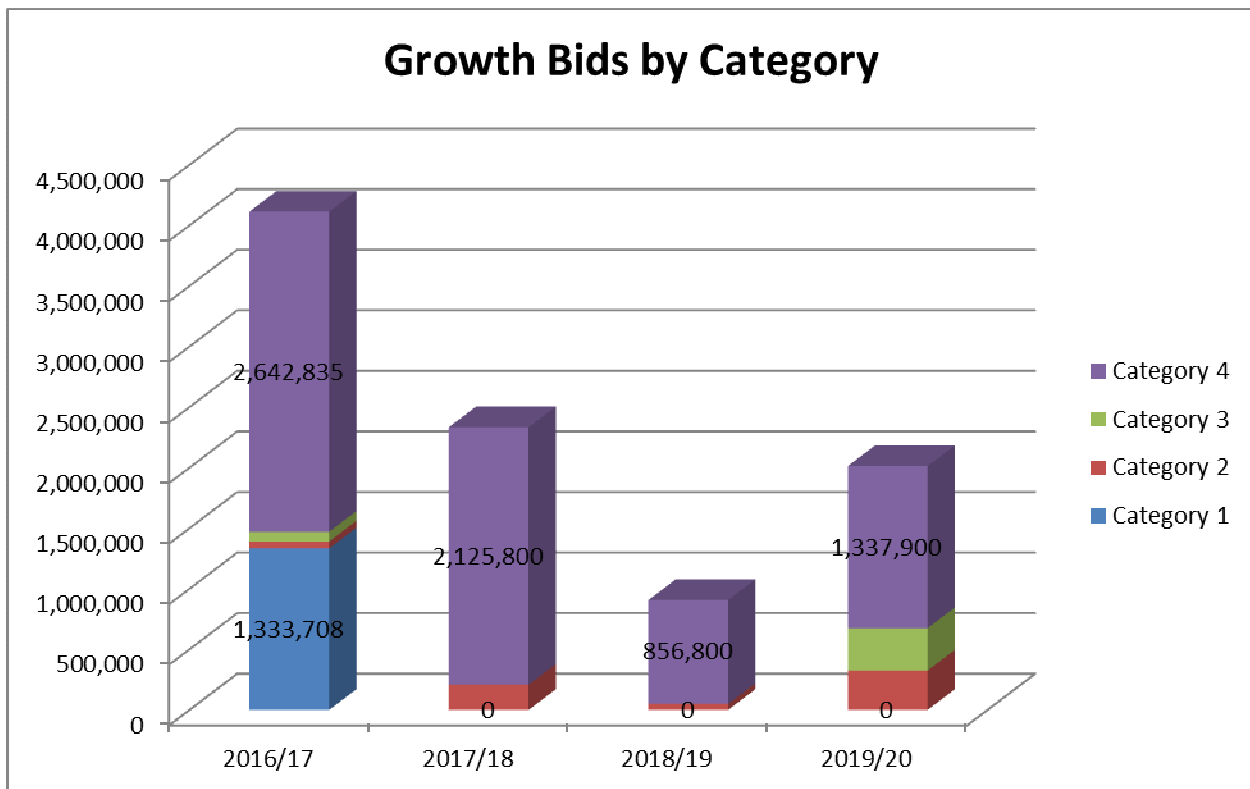
## 4.2 Capital Programme – 2016/17 General Fund

4.2.1 Officers originally put forward a range of Capital Bids for consideration by LSPG which totalled £9.742Million with funding of just £478,000 identified. In addition there were adjustments to the 2015/16 programme of £258,000 reduction (mainly related to vehicles).

4.2.2 It was clear that the original level of growth bids were in excess of the resources available and consequently LSPG challenged each growth bid put forward and as a result some bids were revised down by officers or works deferred to later years of the Strategy. This assessment was made before the revision to the capital bids and any new resources that could be used.

Year:	Capital Resources £'000					
	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Opening Balance of Resources</b>	<b>(1,816)</b>	<b>(1,501)</b>	<b>2,290</b>	<b>4,389</b>	<b>5,163</b>	<b>(1,816)</b>
<b>In Year Receipts</b>	(2,649)	(1,826)	(151)	(300)	(73)	(4,999)
<b>In Year Capital Reserve</b>	(1,542)	(1,465)	(1,475)	(1,488)	(1,501)	(7,469)
<b>New Funding Resources</b>	0	(4)	(117)	(4)	(353)	(478)
<b>Total in year resources</b>	<b>(4,190)</b>	<b>(3,295)</b>	<b>(1,742)</b>	<b>(1,792)</b>	<b>(1,927)</b>	<b>(12,945)</b>
<b>Use of Resources (current programme)</b>	4,763	2,633	1,471	1,659	70	10,596
<b>New bids</b>	(258)	4,453	2,370	907	2,013	9,485
<b>Total Programme</b>	<b>4,505</b>	<b>7,086</b>	<b>3,841</b>	<b>2,565</b>	<b>2,083</b>	<b>20,081</b>
<b>Balance Carried forward</b>	<b>(1,501)</b>	<b>2,290</b>	<b>4,389</b>	<b>5,163</b>	<b>5,319</b>	<b>5,319</b>

4.2.3 LSPG could not assess some of the bids as further detail was required so LSPG asked that the Senior Management Board (SMB) review the existing programme and new bids put forward for the group of assets including offices, depots, play areas, pavilions and community centres. As a result of this review the 2016/17 existing programme for these assets and growth bids were revised down and some bids were put on a deferral list. A summary of the revised bids is summarised in the following table and are detailed in Appendix B. The majority of bids are Category 4 : Schemes to maintain operational effectiveness.



4.2.4 LSPG and SMB also recommend that some schemes are deferred totalling £523,000, however, to maintain operational effectiveness for the assets concerned a sum of £100,000 is included in the Capital Strategy in 2016/17 in the event that any of these works become unavoidable in the year.

4.2.5 There were further schemes recommended for deferral or not recommended for 2016/17 (£665,693) where either LSPG or SMB felt that the bid should not be included in the programme based on the available resources and the rationale for the bid and that the other approved bids were a higher priority. There was only one bid which scored zero (an additional sum of £5,000 per year to fund furniture).

4.2.6 The new capital strategy approved bids for 2016/17 total £2,884,200. Any previously approved slippage and schemes funded wholly from grant or other contributions have been added to the approved bids giving a total 2016/17 capital programme for the General Fund of £6,628,720.

4.2.7 Some growth bids have been added to the existing Capital Strategy for future years, however for future years it is recommended that the whole programme is reviewed alongside new growth bids for 2017/18. This was done in part for some assets (see paragraph 4.2.3) but should be completed for the whole programme as priorities may change over time.

### 4.3 Capital Programme – General Fund Resources

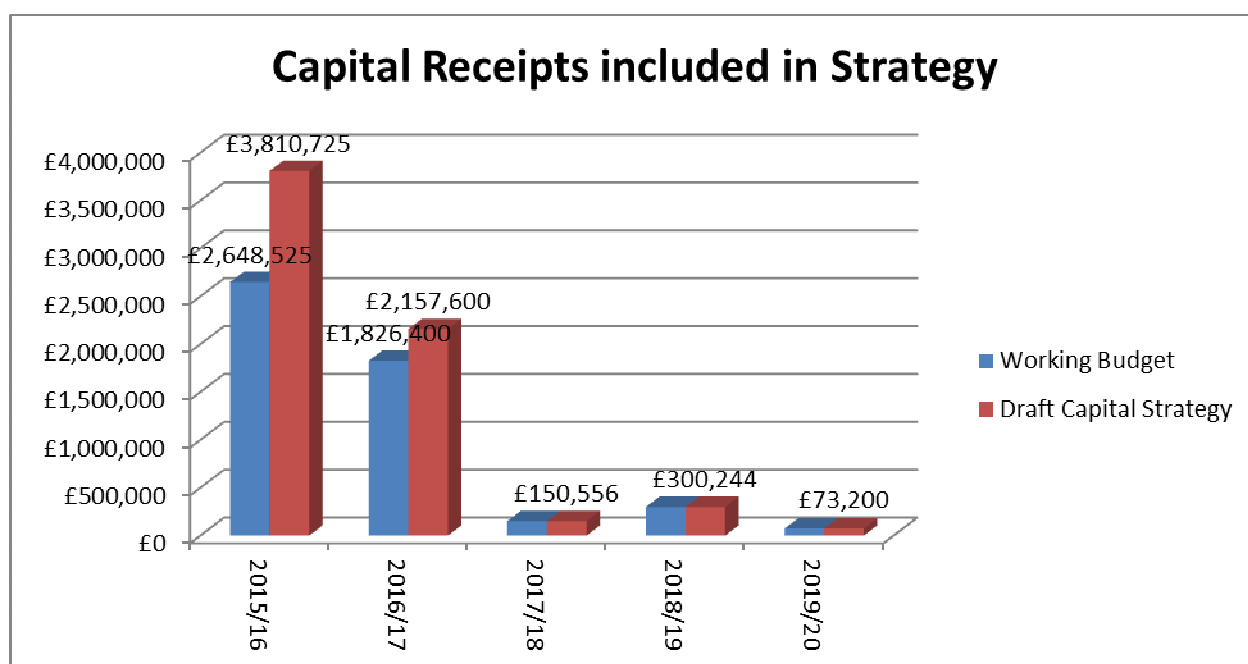
4.3.1 There are two main sources of funding for the General Fund capital programme these are the capital reserve and capital receipts.

4.3.2 The Capital Reserve is funded from a number of sources including New Homes Bonus (£200,000), General Fund contributions (£500,000) and Right to Buy

Receipts (£346,000). In addition up to £350,000 of underspends in any one year from the General Fund may be transferred to the reserve, however the latter cannot be guaranteed.

4.3.3 Included within the projected 2015/16 resources for the capital reserve is £95,090 relating to the cost of borrowing for loans not yet taken. It is recommended that this budget is transferred to the Capital Reserve as there are no plans to take external borrowing in 2015/16.

4.3.4 Capital receipts are generated from the sale of assets (mainly land) agreed by Members for disposal. The value of sales included in the 2<sup>nd</sup> quarter monitoring update was £4.999Million for the period 2015/16-2019/20. The revised estimate based on improved land values is now anticipated to be £6.492Million which is an increase of £1.493Million.



4.3.5 Part of the increase relates to the cost of garages which previously had been treated as a pre-sale expense and deducted from the cost of sale but are now shown in the Capital Strategy £180,000, with the remainder relating to higher anticipated sale prices.

4.3.6 In addition to the resources identified above a proposed amount of £433,000 from New Homes Bonus has been ring fenced to support the Neighbourhood improvement programme ('Future Town Future Council' priority). This will be both capital and revenue expenditure. For capital bids this enables the playground improvement programme (£360,000 in 2016/17) to be funded and £16,000 (2016/17) of new litter bins.

4.3.7 Consideration was also given as to how to fund Town Centre improvements such as the growth bid for works to the intersection of Park Place and Queensway'. Within the existing programme was a residual amount of £185,180 funded by Growth Area Funding (GAF). This budget together with a further amount of £113,120 from the allocated reserve is recommended to fund 50% of the scheme costs, with the remaining funding from capital receipts.

- 4.3.8 The increase in projected capital receipts, additional New Homes Bonus monies and use of allocated reserves means that the Capital Strategy is balanced with a small amount of resource remaining (£346,024) as at 31 March 2020. However, there are deferred or not recommended schemes totally £1.25Million which may need to be funded and there is no guarantee that anticipated capital receipts will be realised. Furthermore the pipeline of sites for disposal is significantly lower from 2017/18 onwards.
- 4.3.9 The Council has the ability to prudentially borrow to fund the capital programme however this is not currently built into the General Fund MTFS. The indicative General Fund grant settlement for the next four years necessitates on-going savings and borrowing will only normally be considered for income generating assets or a return of investment. Furthermore investment in neighbourhoods will itself lead to high revenue costs in terms of maintenance which will be included in future updates of the MTFS.
- 4.3.10 There is likely to be significant investment required in the Council's garage stock which is not included in this Capital Strategy update. A separate report will be presented to a future Executive covering the garage asset and service review. In addition the outcomes of the Asset Management review may impact on the capital strategy and are not currently included in this update.
- 4.3.11 The capital reserve and capital receipts available to the Capital Strategy and their use is to fund the programme is summarised in the table below.

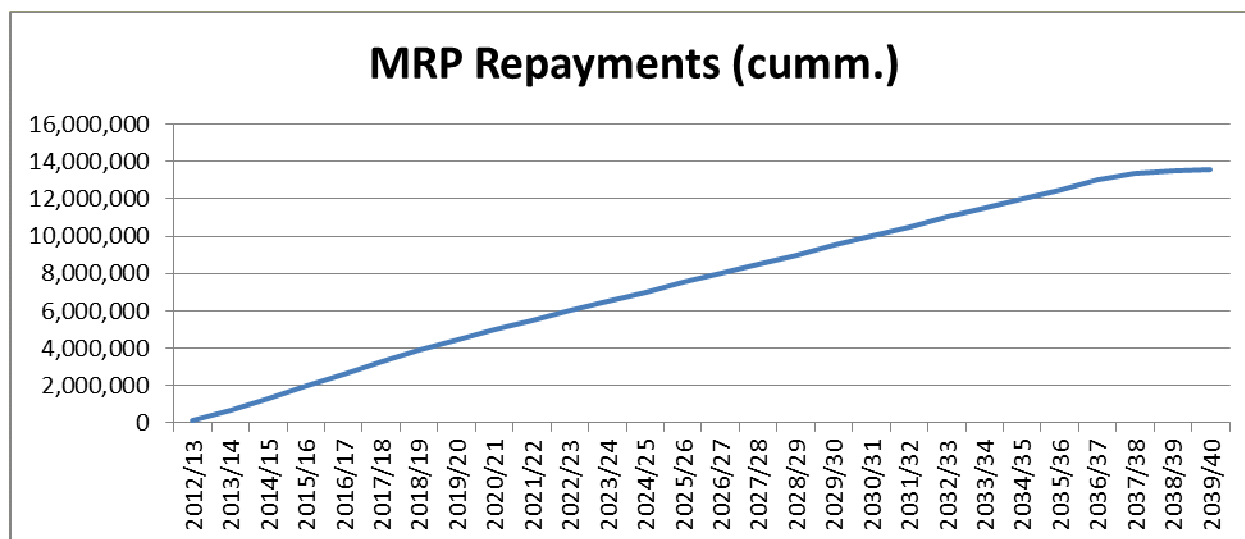
<b>Capital Reserve &amp; Capital Receipts</b>	<b>2015/16 £</b>	<b>2016/17 £</b>	<b>2017/18 £</b>	<b>2018/19 £</b>	<b>2019/20 £</b>
<b>Opening balance</b>	<b>(1,815,926)</b>	<b>(3,680,565)</b>	<b>(2,104,209)</b>	<b>(465,305)</b>	<b>(63,557)</b>
In Year Resource	(5,352,355)	(3,622,619)	(1,626,158)	(1,788,557)	(1,574,672)
Used in Year	3,487,717	5,198,975	3,265,062	2,190,305	1,289,205
<b>Closing Balance</b>	<b>(3,680,565)</b>	<b>(2,104,209)</b>	<b>(465,305)</b>	<b>(63,557)</b>	<b>(349,024)</b>

- 4.3.12 It is the Chief Financial Officer's view that the reserve needs to build up balances to take account of unexpected capital items and a fluctuating capital programme. There will further future growth bids for which as of today no resources are available to fund them.
- 4.3.13 Since 2011/12 the Council has required £13,542,260 of borrowing to fund its capital programme. The Treasury Team have only taken loans of £4,000,000 and the General Fund will have already set aside £1,957,580 of Minimum Revenue Payment (MRP) to meet the borrowing cost by 31 March 2016.



Financial Year	General £	Regeneration Initiatives £	Total £	MRP repaid £	MRP remaining £
2011/12	1,803,028		1,803,028	408,000	1,395,028
2012/13	1,560,314	7,039,448	8,599,762	1,318,428	7,281,334
2013/14	1,802,457	28,317	1,830,774	156,995	1,673,779
2014/15	0	1,308,696	1,308,696	74,157	1,234,539
2015/16	0	0	0	0	0
<b>Total</b>	<b>5,165,799</b>	<b>8,376,461</b>	<b>13,542,260</b>	<b>1,957,580</b>	<b>11,584,680</b>

4.3.14 The MRP repayment profiles are shown in the chart below for borrowing required for the period 2011/12-2014/15. This will all be repaid by 2039/40. The amount of repayment is higher in the earlier years because the borrowing is repaid over the life of a capital asset and not all asset lives are 25 years. Where possible shorter life assets are funded from capital receipts to minimise the impact of MRP.



4.3.15 The revised General Fund capital programme has currently alleviated the pressure of borrowing on the General Fund. However, it is likely that from 2017/18 onwards more capital growth bids will emerge and it is key that the capital reserves are built up to prevent a switch back to reliance on borrowing just to keep existing assets useable.

#### 4.4 Capital Programme – 2015/16 Housing Revenue Account

4.4.1 The 2015/16 programme is now projected to be £28,123,510. The main variances are summarised in Appendix C and included in the table below.

HRA Capital Programme Change to 2015/16 Working Budget				
Scheme Name	Increase (Decrease) to 15/16 Working Budget £	Slippage to 16/17 Working Budget £	Slippage to 17/18 Working Budget £	Reason
<b>Slippage</b>				
ICT Programme (Business Plan)	(150,000)	150,000		A variety of major housing projects have been completed this year. However, this funding is being set aside to fund a contractor's module for the BMO. This has been identified as a high priority to support business change in 2016/17.
New Build - Archer Road	84,540	620,540	(705,070)	Scheme profiled to match contract which is ahead of original forecast for completion
<b>Total Slippage</b>	<b>(65,460)</b>	<b>770,540</b>	<b>(705,070)</b>	
<b>Virements Between Projects</b>				
ICT Programme (Business Plan)	(101,000)			Virements between ICT projects to correctly allocate budgets
On-Line Housing Application Form	50,000			Virements between ICT projects to correctly allocate budgets
Mobile Working - Housing Management	30,000			Virements between ICT projects to correctly allocate budgets
Rental Exchange Project	6,000			Virements between ICT projects to correctly allocate budgets
Phone Procurement	5,000			Virements between ICT projects to correctly allocate budgets
Opti-time and First Touch Development	10,000			Virements between ICT projects to correctly allocate budgets
<b>Total Virements Between Projects</b>	<b>0</b>			
<b>Total Change in Working Budget and Projected Budgets</b>	<b>(65,460)</b>	<b>770,540</b>	<b>(705,070)</b>	

4.4.2 As at 21<sup>st</sup> December 2015, 37% (£10,545,097) of the revised HRA programme had been invoiced. Further works will have been completed but not yet invoiced.

## 4.5 Capital Programme – 2016/17 HRA

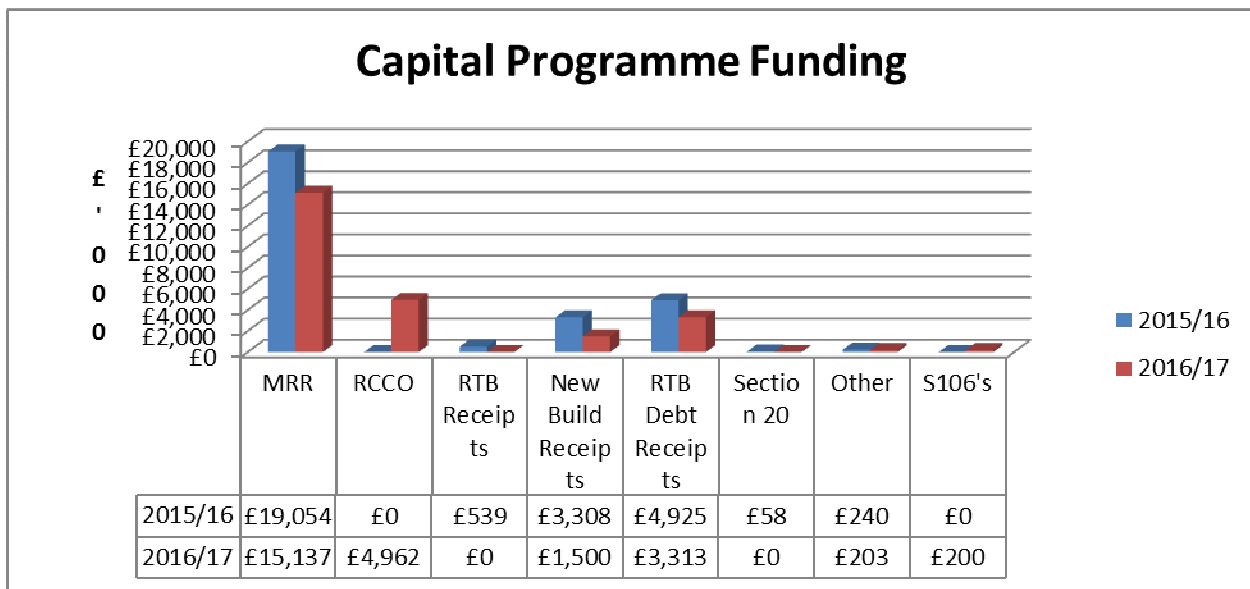
4.5.1 The HRA's 2016/17 Capital Programme has been updated based on current stock information a revision from that included in the HRA Business Plan reported to the November 2014 Executive. The programme has been updated for any slippage in the current year and is detailed in **Appendix C**.

4.5.2 The impact review of current government policy on extending the Right to Buy (RTB) to Housing Associations and reducing the welfare bill has had well reported consequences for the HRA (see also the HRA rent and budget setting

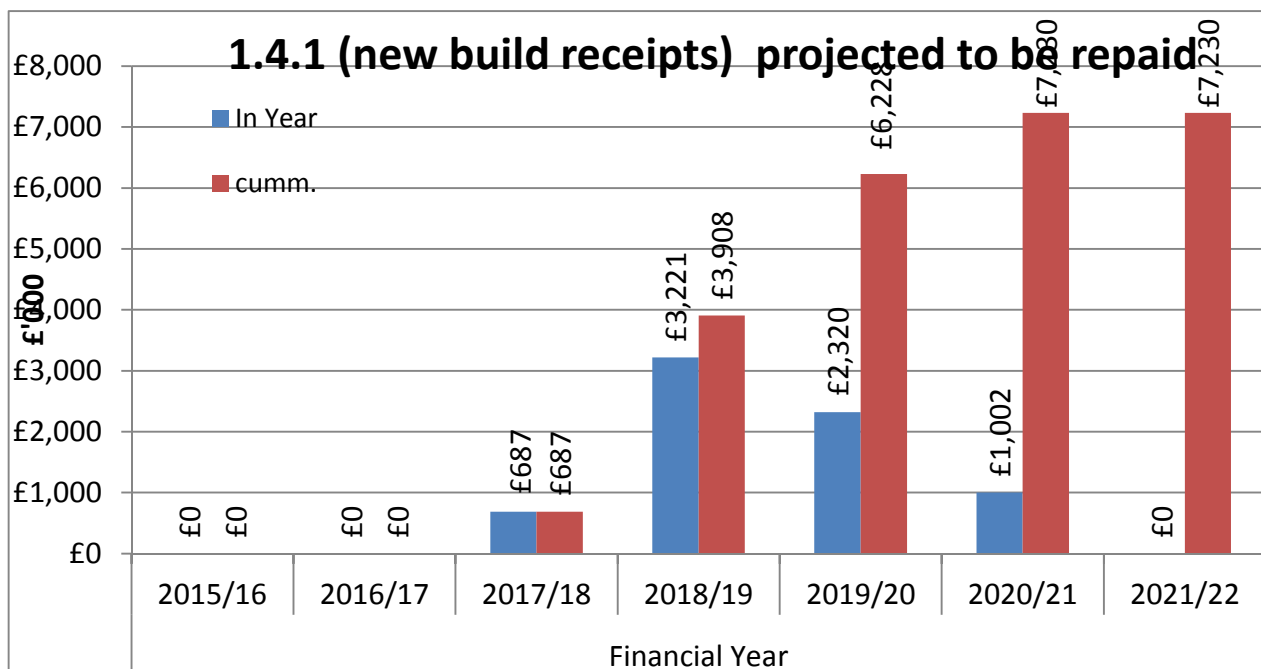
report to this committee). The impact has been to create a funding gap by 2019/20 of an estimated £7.9Million and consequently the HRA capital programme is being reviewed and future years beyond 2016/17 are indicative only. The Business Plan is being updated and this estimate may change.

#### 4.6 Capital Programme HRA Resources

4.6.1 The revised Business Plan assumed the following funding for the 2015/16 and 2016/17 capital programmes in total, as shown in the chart below.

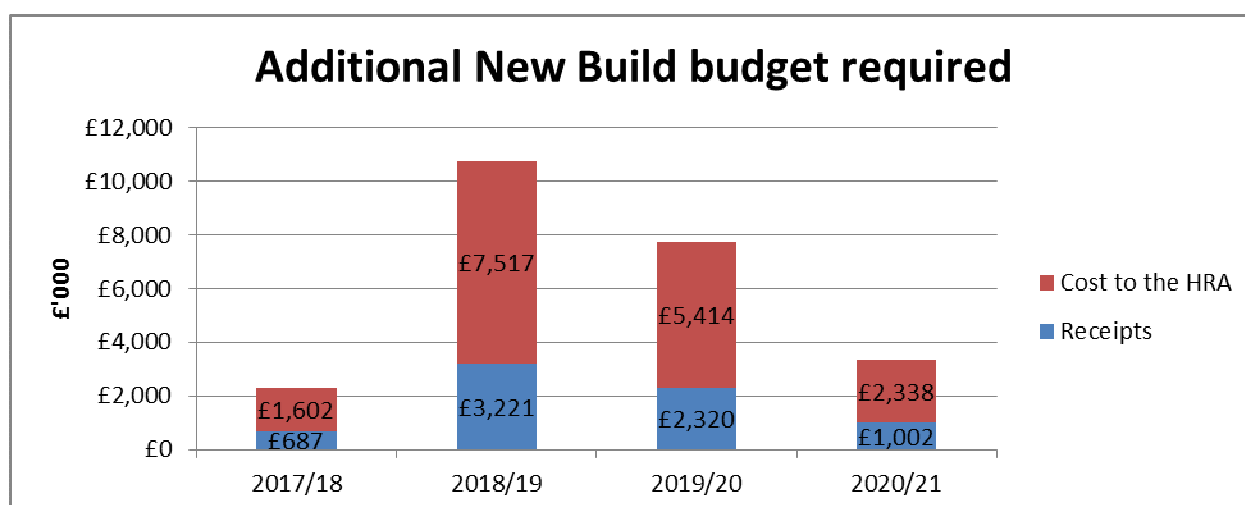


4.6.2 The final HRA rent and budget report to this committee identifies that some new build receipts (£7.23Million) will need to be returned to the government based on the current capital programme (as shown below).



4.6.3 In order to avoid handing back the receipts the new build capital programme would need to be increased as shown in the chart below. A total of £24Million would be needed of which the HRA would need to fund 70% or £16.87Million.

Officers are currently looking at options to reduce the amount of receipts returned.



4.6.4 The number of RTB sales to 31 December was 76 which is in line with the current projection of 100 sales for the year. The projection for 2016/17 remains unchanged at 100 for the year.

4.6.5 The funding for the HRA new build capital programme also includes Section 106 planning receipts of £199,856 which the council has received and allows for an additional £85,653 of one for one new build receipts to be utilised.

#### 4.7 De Minimis Level for Capital Expenditure 2016/17

4.7.1 Accounting best practice recommends that the Council approves a de minimis level for capital expenditure, or a value below which the expenditure would not be treated as capital. This would mean that the expenditure would not be recorded on the asset register nor be funded from capital resources.

4.7.2 The limit set for 2016/17 remains unchanged at £5,000, this applies to a scheme value rather than an individual transaction. This will be reviewed during 2016/17 in readiness for early closure of the accounts and recording capital expenditure

#### 4.8 Contingency Allowance for 2016/17

4.8.1 The contingency allowance for 2015/16 is £250,000 reflecting the resourcing pressures facing the capital programme. The contingency proposed for 2016/17 remains at £250,000, for schemes funded from existing capital resources. This limit applies individually to both the General Fund and the HRA. This contingency sum constitutes an upper limit on both funds within which the Executive can approve supplementary estimates, rather than part of the Council's Budget Requirement for the year.

## **5 IMPLICATIONS**

### **5.1 Financial Implications**

5.1.1 This report is financial in nature and consequently financial implications are included in the above.

### **5.2 Legal Implications**

5.2.1 None identified at this time.

### **5.3 Policy Implications**

5.3.1 The approval of the revised budget framework includes a link for the Council's service planning requirements to ensure service priorities are identified. In addition the budget framework represents a development of a policy led budgeting approach across Council services and the overall Capital Strategy.

### **5.4 Equality and Diversity Implications**

5.4.1 This report is of a technical nature reflecting the projected spend for the year for the General Fund and HRA capital programme. None of the budget changes reported will change any existing equalities and diversity policies and it is not expected that these budget changes will impact on any groups covered by statutory equalities duties.

### **5.5 Risk Implications**

5.5.1 The significant risks associated with the capital strategy are largely inherent within this report and as shown below.

5.5.2 A significant risk exists that there are insufficient capital reserves to fund in year urgent works without the need to prudentially borrow. A reasonable assessment has been made in the prioritisation process to try to keep this risk to a minimum, however, it cannot be forecast fully.

5.5.3 There are risks around achieving the level of disposals budgeted for. The estimated dates of receipts very much rely on a series of steps being successful at estimated dates, for instance tenders and planning meetings. We manage this risk by reviewing and updating the Strategy quarterly, including resources. This will enable action to be taken where a receipt looks doubtful.

5.5.4 There are potential contractual risks around tendering contracts in the current market conditions which indicate increased costs of materials and trades.

5.5.5 There is now significant risk to the HRA capital programme as a result of government policy outlined in this and the Final HRA rent setting and budget report. The long term ability of the HRA to repay debt may mean that debt receipts can no longer be used to fund the capital programme but need to be held to repay the debt on properties sold. This option will be kept under review and considered as part of the update on the HRA Business Plan.

## **BACKGROUND DOCUMENTS**

- BD1 - Capital strategy Update November 2015 (Executive)
- **APPENDICES**
- Appendix A – General Fund 5 Year Capital Strategy
- Appendix B- General Fund Capital Bids
- Appendix C- HRA 5 Year Strategy